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|---|--------------------|
| Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address<br><br>James C. Bastian, Jr. – Bar No. 175415<br>Rika Kido – Bar No. 273780<br>SHULMAN HODGES & BASTIAN LLP<br>100 Spectrum Center Drive, Suite 600<br>Irvine, California 92618<br>Telephone: (949) 340-3400<br>Facsimile: (949) 340-3000<br>Email: jbastian@shblp.com<br>rkido@shblp.com<br><br><input type="checkbox"/> Individual appearing without attorney<br><input checked="" type="checkbox"/> Attorney for: Lynda T. Bui, Chapter 7 Trustee | FOR COURT USE ONLY |
|---|--------------------|

|   |  |
|---|--|
| <b>UNITED STATES BANKRUPTCY COURT<br/>CENTRAL DISTRICT OF CALIFORNIA - RIVERSIDE DIVISION</b> |  |
| In re:<br><br>JAMES ANDREW GONZALES and ESTELA ORTEGA GONZALES,<br><br><br>Debtor(s).         | CASE NO.: 6:15-bk-13359-SY<br>CHAPTER: 7<br><br><b>NOTICE OF SALE OF ESTATE PROPERTY</b> |

**Last Day to Submit Bids: March 14, 2016 at 5:00 pm**

|  |                      |
|--|----------------------|
| <b>Sale Date:</b> Final Bidding Round/Court Hearing: 3/17/16   | <b>Time:</b> 9:30 am |
| <b>Location:</b> United States Bankruptcy Court, 3420 Twelfth Street, Ctrm. 302, Riverside, CA 92501 |                      |

**Type of Sale:** ☒ Public ☐ Private **Last date to file objections:** 03/03/2016

**Description of property to be sold:** Commercial Property located at 570 Central Avenue, #E, Lake Elsinore, CA 92530

**Terms and conditions of sale:** Free and clear of liens, if any, pursuant to Bankruptcy Code §§ 363(b)(1) and (f)  
Purchase price of \$355,000.00, subject to overbids. See attached for Bidding Procedures.

**Proposed sale price:** \$ 355,000.00

This form is mandatory. It has been approved for use in the United States Bankruptcy Court for the Central District of California.

**Overbid procedure (if any):** Potential overbidders must bid an initial amount of at least \$5,000.00 over the consideration offered by the Buyer (total of at least \$360,000.00.) Minium bid increments after that shall be \$1,000.00

See attached for more information.

**If property is to be sold free and clear of liens or other interests, list date, time and location of hearing:**

March 17, 2016 at 9:30 a.m.

Courtroom 302

U.S. Bankruptcy Court

3420 Twelfth Street

Riverside, CA 92501

**Contact person for potential bidders (include name, address, telephone, fax and/or email address):**

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Date: 02/25/2016

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Attorneys for Lynda T. Bui,  
Chapter 7 Trustee

**UNITED STATES BANKRUPTCY COURT**  
**CENTRAL DISTRICT OF CALIFORNIA, RIVERSIDE DIVISION**

In re  
**JAMES ANDREW GONZALES and**  
**ESTELA ORTEGA GONZALES,**  
Debtors.

Case No. 6:15-bk-13359-SY

Chapter 7

**CHAPTER 7 TRUSTEE’S MOTION FOR  
ORDER:**

**(1) APPROVING THE SALE OF REAL  
PROPERTY OF THE ESTATE FREE AND  
CLEAR OF LIENS PURSUANT TO  
BANKRUPTCY CODE §§ 363(b)(1) AND  
(f), SUBJECT TO OVERBIDS, COMBINED  
WITH NOTICE OF BIDDING  
PROCEDURES AND REQUEST FOR  
APPROVAL OF THE BIDDING  
PROCEDURES UTILIZED;**

**(2) APPROVING PAYMENT OF REAL  
ESTATE COMMISSION; AND**

**(3) GRANTING RELATED RELIEF;**

**MEMORANDUM OF POINTS AND  
AUTHORITIES AND DECLARATION OF  
LYNDA T. BUI IN SUPPORT THEREOF**

[Real Property located at 570 Central Avenue #E,  
Lake Elsinore, California 92530-2741]

**Hearing Date:**

Date: March 17, 2016

Time: 9:30 a.m.

Place: Courtroom 302

United States Bankruptcy Court  
3420 Twelfth Street  
Riverside, CA 92501

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1 **TO THE HONORABLE SCOTT H. YUN, UNITED STATES BANKRUPTCY JUDGE,**  
2 **THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL INTERESTED**  
3 **PARTIES:**

4 **I. INTRODUCTION**

5 Lynda T. Bui, the duly appointed, qualified and acting Chapter 7 trustee (“Trustee”) for  
6 the bankruptcy estate (“Estate”) of James Andrew Gonzales and Estela Ortega Gonzales  
7 (collectively referred to here as the “Debtors”), hereby brings this Motion for Order: (1)  
8 Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to  
9 Bankruptcy Code § 363(b)(1) and (f), Subject to Overbids, Combined With Notice of Bidding  
10 Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving  
11 Payment of Real Estate Commission; and (3) Granting Related Relief (“Sale Motion”).

12 The Trustee has received an offer from Pro Circuit Electric, Inc. (“Buyer”) to purchase  
13 the commercial real property located at 570 Central Avenue #E, Lake Elsinore, California  
14 92530-2741 (“Property”) for \$355,000.00, subject to overbids. The offer by the Buyer is the best  
15 offer the Estate has received thus far for the Property, and is the result of negotiations between  
16 the Trustee and the Buyer for the highest and best offer. Through the sale, the Trustee is  
17 expected to generate proceeds of at least \$137,000.00 for the benefit of the Estate and its  
18 creditors. Further, in the event the purchase price is increased by a successful overbid, the  
19 estimated net proceeds will increase and provide greater distribution to creditors.

20 Accordingly, the Trustee believes that good cause exists to grant the Sale Motion so the  
21 Trustee does not lose this favorable business opportunity.

22 **II. RELEVANT FACTS**

23 **A. Case Background**

24 The Debtors filed a Voluntary Petition for relief under Chapter 11 of the Bankruptcy Code  
25 on April 3, 2015 (“Petition Date”).

26 ///

27 ///

28 ///

1 On April 30, 2015, the United States Trustee (“UST”) filed a Motion on shortened time  
2 seeking the dismissal or conversion of the Debtors’ case on the grounds that the Debtors failed to  
3 provide evidence of insurance coverage on their real properties and failed to provide compliance  
4 information to the UST.

5 Following a hearing held on May 21, 2015, the Court granted the UST’s motion and  
6 entered an order directing the appointment of a Chapter 11 trustee. As such, the Trustee was  
7 appointed the Chapter 11 trustee pursuant to an Order entered May 27, 2015. The Trustee’s  
8 appointment was approved by the Court pursuant to an Order entered June 4, 2015.

9 On July 9, 2015, the Trustee filed her Motion for Order Converting Case to Chapter 7  
10 (“Motion to Convert”). At the hearing on the Motion to Convert on July 30, 2015, the Debtor,  
11 James A. Gonzales, and his counsel, appeared at the hearing and did not oppose the Motion to  
12 Convert. On August 10, 2015, an order was entered by the Court approving the Motion to  
13 Convert and the underlying bankruptcy case was converted to a case under Chapter 7 of the  
14 Bankruptcy Code.

15 On August 10, 2015, the UST appointed the Trustee as the duly appointed and acting  
16 Chapter 7 trustee of the Debtors’ Estate.

17 The initial Chapter 7 341(a) Meeting of Creditors was scheduled for September 15, 2015.  
18 The Meeting of Creditors has been continued several times and is currently scheduled for  
19 February 26, 2016.

20 The last day to timely file a proof of claim in the Debtors’ bankruptcy case was  
21 November 23, 2015. Currently, there are twenty-one (21) claims filed in this case for a total  
22 amount of \$8,437,217.33, including secured claims for \$702,468.64, priority claims for  
23 \$6,432,167.71 (including a claim filed on November 20, 2015 by the County of Riverside  
24 Department of Code Enforcement in the amount of \$6,660,958.00) and an administrative claim  
25 in the amount of \$975.00.

26 ///

27 ///

28 ///

**B. The Property**

On their Schedule A, the Debtors list the Property, which is legally described as follows:<sup>1</sup>

PARCEL 28 OF PARCEL MAP NO. 24751, IN THE CITY OF LAKE  
ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER  
MAP RECORDED IN BOOK 164 PAGES 64 TO 66 OF PARCEL MAPS, IN  
THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 377-410-028-6

The Debtors valued their interest in the Property at \$198,000.00. On their Schedule D,  
the Debtors list a secured claim against the Property in favor of Jason Gonzales in the amount of  
\$200,000.00.<sup>2</sup> The Debtors do not claim any exemptions in the Property.

The Property is 4,112 square foot commercial property on 0.210 acres with a roll up bay  
door. The Property was previously occupied by a tenant pursuant to a rental agreement entered  
into prior to the Petition Date. As of December 28, 2015, the Property is currently vacant.

After conducting an on-site inspection, the Trustee was informed by her real estate broker  
that the Property was worth approximately \$360,000.00 and recommended listing the Property for  
sale at \$360,000.00.

**C. Employment of Real Estate Broker, Marketing Efforts and Basis for the Value of  
the Property**

On October 14, 2015, the Court entered an Order authorizing the employment of W.  
Darrow Fiedler of Keller Williams Realty/KW Commercial as the Trustee's real estate broker  
("Broker") to assist her with listing and marketing the Property for sale, as well as negotiating a  
sale price to prospective buyers to provide a benefit to the Estate ("Employment Order") (Docket  
No. 126).

The Broker has almost forty (40) years of experience as a real estate broker. The Broker  
is familiar with the sale of real property in the context of a bankruptcy case and has worked  
closely with several bankruptcy trustees in the sale of real property. As of the hearing on this  
Motion, the Property will have been marketed for approximately two (2) months by the Trustee

<sup>1</sup> The legal description for the Property is believed to be accurate but may be corrected or updated by the title  
company in the transfer documents as necessary to complete the proposed sale transaction.

<sup>2</sup> Pursuant to the Title Report (defined below), Jason Gonzales does not have a secured claim against the Property.



with the assistance of the Broker. The marketing by the Broker has included preparation of a marketing brochure for the Property, listing the Property on the Multiple Listing Service and LoopNet for publication, as well as on the Court's website pursuant to the Notice of Sale of Estate Property on Local Bankruptcy Form 6004-2.

On or about January 22, 2016, the Trustee received an offer to purchase the Property in the amount of \$355,000.00 from the Buyer. The Trustee also received at least four (4) other offers. She countered the Buyer's offer and the next highest offer for \$355,000.00, specifically including bankruptcy terms of sale. The Buyer accepted the counter-offer.

The Buyer's offer that is the subject of this Sale Motion represents the best offer received by the Trustee. As set forth below, the Trustee believes the sale of the Property will benefit the Estate and its creditors.

**D. Liens and Encumbrances Against the Property and Their Proposed Treatment Through the Sale**

The following chart sets forth the liens and encumbrances against the Property as detailed in the Preliminary Title Report dated June 18, 2015 ("Title Report"), a copy of which is attached as **Exhibit "1"** to the Declaration of Lynda T. Bui ("Bui Declaration"), and the proposed treatment of the liens and encumbrances through the sale:

| <u>Creditor</u>                                | <u>Description</u>   | <u>Estimated<br/>Amount<br/>Owing</u> | <u>Treatment of Lien Through the<br/>Sale</u>  |
|--|--|---------------------------------------|--|
| Riverside County<br>Treasurer-Tax<br>Collector | Real property taxes:<br><br>1) Unpaid 2009 secured property taxes in the amount of \$4,552.35 as of March 2016; and<br><br>2) Unpaid first installment of 2015-2016 assessment in the amount of \$1,182.85; and<br><br>3) Second installment of 2015-2016 assessment in the amount of \$1,075.35. <sup>3</sup> | \$6,810.55                            | All outstanding real property taxes will be paid through escrow on the sale transaction. |

<sup>3</sup> Second installment for 2015-2016 assessment is due on April 11, 2016.

| <u>Creditor</u>   | <u>Description</u>  | <u>Estimated<br/>Amount<br/>Owing</u>  | <u>Treatment of Lien Through the<br/>Sale</u>   |
|---|---|--|---|
| The Trustee of the Jackson Family AB Living Trust dated 5/27/05 | First Deed of Trust in favor of Floyd Jackson and Anna Jackson, husband and wife as joint tenants, recorded on April 15, 2013, in the Official Records of Riverside County, Document No. 2003-304659.<br><br>Assignment of the beneficial interest under said deed of trust, assigned to The Trustee of the Jackson Family AB Living Trust dated 5/27/05 on June 10, 2005 as Document No. 2005-0462393. | \$5,500.00 (per agreement reached between Trustee and lienholder on 10/9/15) | This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. |
| Central Business Park Owners Association                        | Notice of Delinquent Assessment (Claim of Lien) recorded on June 16, 2003, Document No. 2003-436760.  | \$3,537.60   | This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. |
| Riverside County Treasurer-Tax Collector                        | Unsecured property taxes pursuant to the following liens recorded against the Property in the Official Records, County of Riverside:<br><br>1) Document number 2007-0419228 recorded June 28, 2007 in the amount of \$323.63; and<br><br>2) Document number 2008-0233396 recorded on May 5, 2008 in the amount of \$276.84.   | \$600.47   | This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. |
| Richard B. Beck, Esq.   | Abstract of Judgment recorded on May 9, 2008, in the Official Records of Riverside County, Document No. 2005-0250220 ("Beck Abstract").<br><br>The Beck Abstract relates to a judgment entered on May 8, 2008 in the total amount of \$58,950.42 against James A. Gonzales.<br><br>Partial Acknowledgment of Satisfaction of Judgment in the amount of \$53,000.00 was                                  | \$20,227.71 (as of October 20, 2015 with per diem interest of \$5.54)        | This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. |

| <u>Creditor</u>                            | <u>Description</u>  | <u>Estimated<br/>Amount<br/>Owing</u>                                     | <u>Treatment of Lien Through the<br/>Sale</u>   |
|--|---|---|---|
|  | recorded on June 10, 2014, in the Official Records of Riverside County, Document No. 2014-0212300.<br><br>Partial Acknowledgment of Satisfaction of Judgment in the amount of \$5,000.00 was recorded on August 26, 2014, in the Official Records of Riverside County, Document No. 2014-0322563. |   |   |
| Canyon Lake Property Owners Association    | Abstract of Judgment recorded on September 8, 2009, in the Official Records of Riverside County, Document No. 2009-0466849 ("Canyon Lake Abstract").<br><br>The Canyon Lake Abstract relates to a judgment entered on August 25, 2009 in the total amount of \$4,809.12 against the Debtors.      | \$6,419.94 (as of October 27, 2015, with monthly assessment of \$244.00)  | This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. |
| Sierra Dawn Estates Homeowners Association | Abstract of Judgment recorded on May 28, 2013, in the Official Records of Riverside County, Document No. 2013-0250591 ("Sierra Dawn Abstract").<br><br>The Sierra Dawn Abstract relates to a judgment entered on October 26, 2012 in the total amount of \$42,675.95 against the Debtors          | \$13,764.85 (as of October 14, 2015, with per diem interest of \$3.53)    | This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. |
| Pacific Western Bank                       | Abstract of Judgment recorded on March 12, 2014, in the Official Records of Riverside County, Document No. 2014-0091585 ("PWB Abstract").<br><br>The PWB Abstract relates to a judgment entered on February 26, 2014 in the total amount of \$127,694.00 against James Gonzales, an individual.   | \$132,154.14 (as of February 13, 2016, with per diem interest of \$30.40) | This lien will be paid through escrow on the sale transaction. Thus, this lien will be released, discharged and terminated at the close of escrow and the Property will be sold free and clear of this lien and the lien will <b>not</b> attach to the sale proceeds. |

All costs of sale, including escrow fees and real estate commissions will be paid at closing.

**E. The Purchase Offer and Summary of the Sale Terms**

The Buyer has offered to purchase the Property for \$355,000.00. The purchase price includes a deposit of \$35,500.00. Attached as **Exhibit “2”** to the Bui Declaration is a true and correct copy of the Commercial Property Purchase Agreement and Joint Escrow Instructions and Counteroffer re Purchase and Sale of 570 Central Ave. #E, Lake Elsinore, CA 92530-2741 (collectively the “Agreement”).

A summary of the Agreement’s terms and highlights are discussed below, but the summary and discussion are not meant to be a complete review of every provision of the Agreement. The Agreement itself is the legally binding document the Trustee seeks approval of and, in the event of any inconsistency between the terms, provisions or effect of the Agreement and the description of it in these pleadings, the Agreement alone shall govern and not these pleadings or the descriptions herein.

In summary, the principal terms of the sale of the Property shall be as follows (the Trustee is referred to at times as the “Seller” in the following summary):

|                           |   |
|---------------------------|---|
| Buyer:                    | Pro Circuit Electric, Inc.  |
| Purchase Price:           | \$355,000.00, subject to the Bidding Procedures set forth below.<br><br>\$35,500.00 to be paid as a deposit and the remainder to be paid at closing.  |
| Due Diligence Period      | Buyer acknowledges that he/she/it is familiar with the property and that the Buyer has previously viewed the property. Nevertheless, at Buyer’s sole expense, Buyer shall have until 2:00 p.m. PDT, Thursday, February 18, 2016, to obtain all investigations, appraisals and tests, and to complete any and all due diligence which the Buyer desires (the “Due Diligence Deadline”). By no later than the Due Diligence Deadline, Buyer may advise Seller, in writing, of his/her/its election to cancel the Sale, in which case Buyer shall receive a full refund of the Deposit (the “Notice to Cancel”). Absent Buyer’s submission of a Notice to Cancel in accordance with this paragraph 3, the Sale shall be without any further contingencies or due diligence requirements of the Buyer.<br><br><b>Without limiting the generality of the foregoing, Buyer’s silence shall be deemed an acceptance and affirmative election to proceed with the Sale without any further contingencies or due diligence requirements.</b> |
| Bankruptcy Court Approval | The Sale is expressly subject to Bankruptcy Court approval in the Debtor’s bankruptcy case. As soon as reasonably practical following expiration of the Due Diligence Deadline without Buyer’s submission of a Notice to Cancel, the Seller will file a motion to approve the Sale with the Bankruptcy Court pursuant to section 363 of the United States Bankruptcy Code (11 U.S.C. § 363) (the “Approval Motion”). As part of such motion, the Seller will request a finding of the Buyer’s “good faith” in accordance with section 363(m) of the Bankruptcy Code.  |

|                                  |   |  |
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| 1<br>2                           | Tender of Balance of Purchase Price/Closing | The Sale shall close, with Buyer tendering the full Purchase Price, not more than fifteen (15) calendar days after the entry of an order of the Bankruptcy Court authorizing the Sale.   |
| 3<br>4<br>5<br>6<br>7            | Property Sold "As Is," "Where Is"           | The Buyer acknowledges that the Seller is a Trustee appointed to administer a Bankruptcy Estate. The Seller and/or Seller's agents have not, and will not, inspect the Property or determine its condition, fitness or use for any particular purpose, nor will any of them provide any written disclosures, guarantees or warranties of any kind. Seller and Seller's agents are exempt from complying with the requirements of Article 1.5 of the California Civil Code Sections 1102-1102.17 relating to disclosures upon transfer of real property. <b>The sale shall be "as-is" and "where is" with no warranty or recourse whatsoever.</b> If any state or local ordinance laws require that the Property be brought into compliance, the Buyer, at his/her/its sole expense, shall comply with and pay for any such requirements.   |
| 8<br>9<br>10                     | Transfer of Property                        | Transfer of the Property by Seller shall be by Trustee's Fiduciary Quitclaim Deed. The Seller shall convey and the Buyer shall accept the marketable title to the Property that will be insured by Fidelity National Title Company, without material exception, subject only to the terms of the Agreement and any further documentation of the Sale consistent with the Agreement.  |
| 11<br>12                         | Liens, Claims, Encumbrances and Interests   | The Sale shall be free and clear of such Liens, with the extent, validity and priority of such liens to attach to the net proceeds of the Sale.  |
| 13<br>14<br>15<br>16<br>17<br>18 | Assessments, Taxes and Escrow Fees          | The following assessments, taxes and other costs shall be allocated as follows: (a) all allowable assessments and real property taxes shall be prorated through the closing date of the Sale to the applicable accounts of the Seller and Buyer, such that the amounts applicable to the account of the Buyer shall not be deducted from the Purchase Price; (b) escrow fees shall be split equally between the Buyer and Seller (50/50), such that the amounts allocable to the Buyer shall be deducted from the Purchase Price; (c) the Seller shall pay real property transfer tax (County and State only) and the costs of a standard issue title insurance policy, such that these taxes and costs shall be deducted from the Purchase Price; and (d) City transfer tax shall be split equally between Buyer and Seller (50/50), such that the amount allocable to the Buyer shall not be deducted from the Purchase Price. <b><u>All other costs are at Buyer's sole expense and are not to be deducted from the Purchase Price.</u></b> |
| 19<br>20<br>21                   | Overbid                                     | The Sale is subject to notice to creditors and other parties and shall be subject to higher and better bid through and including the hearing on the Approval Motion, pursuant to sale and overbid procedures determined in the Seller's sole discretion and subject to Bankruptcy Court approval. Initial overbid will be \$360,000 and thereafter in minimum \$1,000 increments.  |
| 22<br>23<br>24                   | Brokers and Commissions                     | The Buyer is represented by Keller Williams Realty, CABRE #01854035 ("KWR") and the Seller is represented by KW Commercial, CABRE #01854035 ("KWC". Subject to Court approval, the Seller shall pay commission as follows, through escrow: Six percent (6%) total of the Purchase Price: 3.0% to KWR, 3.0% to KWC. No commission shall be due and payable except from the cash proceeds of an actual sale of the Property to the Buyer and upon closing of such sale.  |
| 25<br>26<br>27<br>28             | Seller Right to Terminate                   | The Seller may decline, at her option and sole discretion, to consummate the Sale for any reason, including without limitation: (a) the dismissal or closure of the Debtor's bankruptcy case; (b) the conversion of the debtor's Chapter 7 bankruptcy case to any other chapter under the Bankruptcy Code; (c) the inability to subordinate any liens on the Property to the expenses of administration; (d) the inability to obtain approval of the Sale by the Bankruptcy Court; or (e) the inability to sell the Property on the terms and conditions set forth herein. The Seller reserves the right, in her sole discretion, to determine not to consummate, and to terminate, the sale of the Property by serving a notice of such   |

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|---|--|
|   | termination on the Buyer. No liability or obligations shall accrue to the bankruptcy estate or the Seller, either personally or in her capacity as Trustee, as a result of any such termination. The Buyer's sole remedy, in the event that escrow fails to close as a result of Seller's inability to close escrow, shall be a refund of the Deposit in full.   |
| Non-Refundability and Forfeiture of Deposit | Except as set forth above in paragraph 12 to the Counteroffer, immediately upon expiration of the Due Diligence Deadline without Buyer's submission of a Notice to Cancel in accordance with paragraph 3 to the Counteroffer, the entirety of the Deposit shall be absolutely non-refundable and forfeited to the Seller. Notwithstanding the immediately preceding sentence, in the event: (a) the Bankruptcy Court enters an order that does not authorize Seller to sell the Property to the Buyer; or (b) the Bankruptcy Court enters an order that authorizes the sale to another bidder and the Buyer is not a backup bidder, Seller shall refund the entire Deposit to the Buyer within ten (10) calendar days following entry of such order of the Bankruptcy Court. In the event the Buyer is overbid and is a backup bidder, Seller shall refund the entire Deposit to the Buyer only if the Sale closes to the winning bidder and within ten (10) calendar days following such closing. |
| Escrow Instructions                         | Escrow instructions shall be signed by Buyer and Seller within thirty (30) calendar days after execution of the Counteroffer. In the event that Buyer is unable to close escrow within fifteen (15) calendar days after entry of the Bankruptcy Court's order authorizing the Sale (the "Closing Date"), the Buyer shall compensate the Seller one hundred dollars (\$100.00) per day for each day beyond the Closing Date that the Sale does not close for a total extended period of no more than ten (10) calendar days. Thereafter, the Seller shall have absolute discretion to either: (a) provide further extensions of the Closing Date at the same rate of compensation; or (b) terminate the Sale to the Buyer and retain the entirety of the Deposit as liquidated damages.   |
| Bankruptcy Court Jurisdiction               | The Bankruptcy Court for the Central District of California, Riverside Division ("Court"), shall have jurisdiction to interpret and enforce the terms of the Counteroffer/agreement. The Counteroffer/agreement shall be construed pursuant to the laws of the State of California, except to the extent preempted by applicable Federal bankruptcy law.   |

#### **F. Tax Consequences of Sale**

The Trustee has consulted with her proposed accountants who informed her that there will not be any tax consequences for the sale of the Property.

#### **G. Notice of Bidding Procedures**

The Trustee has determined that it would benefit the Estate to permit all interested parties to receive information and bid for the Property instead of selling the Property to the Buyer on an exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the creditors of this Estate, the Trustee also seeks Court approval of the following bidding procedures ("Bidding Procedures"):

1. Potential overbidder(s) must bid an initial amount of at least \$5,000.00 over the Purchase Price, or \$360,000.00. Minimum bid increments thereafter shall be \$1,000.00. The Trustee shall have sole discretion in determining which overbid is the best for the Estate and will seek approval from the Court of the same.

2. Overbids must be in writing and be received by the Trustee and the Trustee's counsel, Shulman Hodges & Bastian LLP to the attention of Rika M. Kido on or before **three (3) business days prior to the hearing on this Sale Motion.**

3. Overbids must be accompanied by certified funds in an amount equal to three percent (3%) of the overbid purchase price.

4. The overbidder must also provide evidence of having sufficient specifically committed funds to complete the transaction, or a lending commitment for the bid amount and such other documentation relevant to the bidder's ability to qualify as the purchaser of the Property and ability to close the sale and immediately and unconditionally pay the winning bid purchase price at closing.

5. The overbidder must seek to acquire the Property on terms and conditions not less favorable to the Estate than the terms and conditions to which the Buyer has agreed to purchase the Property as set forth in the Agreement attached as **Exhibit "2"** to the Bui Declaration including closing on the sale of the Property in the same time parameters as the Buyer.

6. All competing bids must acknowledge that the Property is being sold on an "AS IS" basis without warranties of any kind, expressed or implied, being given by the Trustee, concerning the condition of the Property or the quality of the title thereto, or any other matters relating to the Property. The competing bid buyer must represent and warrant that he/she is purchasing the Property as a result of their own investigations and are not buying the Property pursuant to any representation made by any broker, agent, accountant, attorney or employee acting at the direction, or on the behalf of the Trustee. The competing bidder must acknowledge that he/she has inspected the Property, and upon closing of Escrow governed by the Agreement, the competing buyer forever waives, for himself/herself, their heirs, successors and assigns, all claims against the Debtors, her attorneys, agents and employees, the Debtors' Estate, Lynda T. Bui as Trustee and individually, and her attorneys, agents and employees, arising or which might otherwise arise in the future concerning the Property.

7. If overbids are received, the final bidding round for the Property shall be held at the hearing on the Sale Motion in order to allow all potential bidders the opportunity to overbid and purchase the Property. At the final bidding round, the Trustee or her counsel will, in the exercise of their business judgment and subject to Court approval, accept the bidder who has made the highest and best offer to purchase the Property, consistent with the Bidding Procedures ("Successful Bidder").

8. At the hearing on the Sale Motion, the Trustee will seek entry of an order, *inter alia*, authorizing and approving the sale of the Property to the Successful Bidder. The hearing on the Sale Motion may be adjourned or rescheduled without notice other than by an announcement of the adjourned date at the hearing on the Sale Motion.

9. In the event the Successful Bidder fails to close on the sale of the Property within the time parameters approved by the Court, the Trustee shall retain the Successful Bidder's Deposit and will be released from her obligation to sell the Property to the Successful Bidder and the Trustee may then sell the Property to the first back-up bidder approved by the Court at the hearing on the Sale Motion ("First Back-Up Bidder").

10. In the event First Back-Up Bidder fails to close on the sale of the Property within the time parameters approved by the Court, the Trustee shall retain the First Back-Up Bidder's Deposit and will be released from her obligation to sell the Property to the First Back-Up Bidder and the Trustee may then sell the Property to the second back-up bidder approved by the Court at the hearing on the Sale Motion ("Second Back-Up Bidder").

1 **III. ARGUMENT**

2 **A. The Court May Authorize the Sale When There is a Good Faith Purchaser**

3 The Trustee, after notice and hearing, may sell property of the estate. 11 U.S.C. § 363(b).  
4 The standards to establish are: (1) that there is a sound business purpose for the sale, (2) that the  
5 sale is in the best interests of the estate, i.e., the sale is for a fair and reasonable price, (3) that  
6 there is accurate and reasonable notice to creditors and (4) that the sale is made in good faith. *In*  
7 *re Wilde Horse Enterprises, Inc.*, 136 B.R. 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*,  
8 722 F.2d 1063, 1069 (2d Cir. 1983). Business justification would include the need to close a sale  
9 to one of very few serious bidders where an asset has been shopped and a delay could jeopardize  
10 the transaction. *See, e.g., In re Crowthers McCall Pattner, Inc.*, 114 B.R. 877, 885 (Bankr.  
11 S.D.N.Y. 1990) (extreme difficulty finding a buyer justified merger when buyer found). The  
12 Trustee's proposed sale of the Property meets the foregoing criteria.

13 **1. Sound Business Purpose**

14 The Ninth Circuit has adopted a flexible, case-by-case test to determine whether the  
15 business purpose for a proposed sale justifies disposition of property of the estate under Section  
16 363(b). *In re Walter*, 83 B.R. 14 (B.A.P. 9th Cir. 1988). In *Walter*, the Ninth Circuit, adopting  
17 the reasoning of the Fifth Circuit in *In re Continental Air Lines, Inc.*, 780 F.2d 1223 (5th Cir.  
18 1986), and the Second Circuit in *In re Lionel Corp.*, 722 F.2d 1063 (2d Cir. 1983), set forth the  
19 following standard to be applied under Bankruptcy Code Section 363(b):

20 Whether the proffered business justification is sufficient depends on the case. As  
21 the Second Circuit held in *Lionel*, the bankruptcy judge should consider all salient  
22 factors pertaining to the proceeding and, accordingly, act to further the diverse  
23 interests of the debtor, creditors and equity holders, alike. He might, for example,  
24 look to such relevant factors as the proportionate value of the assets to the estate  
25 as a whole, the amount of lapsed time since the filing, the likelihood that a plan of  
26 reorganization will be proposed and confirmed in the near future, the effect of the  
27 proposed disposition on future plans of reorganization, the proceeds to be  
28 obtained from the disposition vis-a-vis any appraisals of the property, which of  
the alternatives of use, sale or lease the proposal envisions and, most importantly  
perhaps, whether the asset is increasingly or decreasing in value. This list is not  
intended to be exclusive, but merely to provide guidance to the bankruptcy judge.

*Walter*, 83 B.R. at 19-20 (quoting *Continental*, 780 F.2d at 1226).

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Here, the facts surrounding the sale of the Property support the Trustee's business decision that the proposed sale is in the best interests of the Estate and its creditors. Through the sale, the Trustee expects to generate net proceeds of approximately \$137,000.00 as follows (amounts are estimated):

|   |                     |
|---|---------------------|
| Sale Price  | \$355,000.00        |
| <i>Less</i> real estate commission and costs of sale (8.0%)   | (\$28,400.00)       |
| <i>Less</i> payment to Trustee of Jackson Family AB Living Trust dated 5/27/05 (first deed of trust holder) | (\$5,500.00)        |
| <i>Less</i> outstanding real property taxes (estimated)   | (\$6,810.55)        |
| <i>Less</i> payment to Central Business Park Owners Association   | (\$3,537.60)        |
| <i>Less</i> payment of delinquent unsecured property taxes  | (\$600.47)          |
| <i>Less</i> payment of Beck Abstract  | (\$20,227.71)       |
| <i>Less</i> payment of Canyon Lake Abstract   | (\$6,419.94)        |
| <i>Less</i> payment of Sierra Dawn Abstract   | (\$13,764.85)       |
| <i>Less</i> payment of PWB Abstract   | (\$132,154.14)      |
| <b>Estimated Net Sale Proceeds for the benefit of the Estate</b>  | <b>\$137,584.70</b> |

The estimated net proceeds will substantially benefit the Estate by providing funds for distribution to unsecured creditors. If the Sale Motion is not approved, there will be a substantial loss to the Estate. In such event, the Estate will not receive any benefit from Property.

Furthermore, the Trustee believes that the proposed sale, subject to overbids, will be at fair market value because it is the best offer the Estate has received thus far for the Property, and is the result of negotiations between the Trustee and the Buyer for the best and highest offer. Given that the sale is subject to overbids, it is anticipated the Trustee will receive the best and highest value for the Property and therefore the proposed sale price of the Property is fair and reasonable. Therefore, the Trustee respectfully submits that, if this Court applies the good business reason standard suggested by the Second Circuit in *Lionel*, the sale should be approved.

## 2. The Sale Serves the Best Interests of the Estate and Creditors

The Trustee believes that it would be in the best interest of the Estate and its creditors to sell the Property. The benefits to the Estate, as set forth above, are significant as the proposed sale will yield an estimated \$137,584.70 to the Estate. If the Sale Motion is not approved, the

Estate will not receive the sale proceeds and will likely lose the Buyer. The Trustee does not want to lose this beneficial business opportunity. Thus, the Trustee has made a business decision that it is in the best interest of the creditors of the Estate that this Sale Motion be approved.

3. Accurate and Reasonable Notice

It is expected that notice of this Sale Motion will satisfy the requirements for accurate and reasonable notice.

The notice requirements for sales are set forth in Federal Rules of Bankruptcy Procedure (“FRBP”) 6004 and 2002. The notice must include the time and place of any public sale and/or the terms and conditions of any private sale, the time fixed for filing on objections and a general description of the property. Fed. R. Bankr. P. 2002(c)(1).

In compliance with FRBP 2002 and Bankruptcy Code Section 102(1), the Trustee shall provide notice of the proposed sale of the Property to creditors and parties in interest. The Notice of the Sale Motion will include a summary of the terms and conditions of the proposed private sale, the time fixed for filing objections, and a general description of the Property. The Trustee submits that the notice requirements will have been satisfied, thereby allowing creditors and parties in interest an opportunity to object to the sale. Hence, no further notice should be necessary.

4. The Sale is Made in Good Faith

The proposed sale has been brought in good faith and has been negotiated on an “arms length” basis. The court, in *Wilde Horse Enterprises*, set forth the factors in considering whether a transaction is in good faith. The court stated:

“Good faith” encompasses fair value, and further speaks to the integrity of the transaction. Typical ‘bad faith’ or misconduct, would include collusion between the seller and buyer, or any attempt to take unfair advantage of other potential purchasers. . . . And, with respect to making such determinations, the court and creditors must be provided with sufficient information to allow them to take a position on the proposed sale.

*Id.* at 842 (citations omitted).

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1 In the present case, the negotiation of the proposed sale was an arms-length transaction.  
2 The negotiations with the Buyer resulted in a sale price for the Property that will have substantial  
3 benefit to the Estate. As set forth in the Notice of the Sale Motion, the creditors will have been  
4 provided with sufficient information regarding the proposed sale. Accordingly, the sale is in  
5 good faith and should be approved. The Trustee shall request such a finding pursuant to  
6 Bankruptcy Code Section 363(m) at the hearing on this Sale Motion.

7 **B. The Proposed Sale Should be Allowed Free and Clear of Liens**

8 Bankruptcy Code Section 363(f) allows a trustee to sell property of the bankruptcy estate  
9 “free and clear of any interest in such property of an entity,” if any one of the following five  
10 conditions is met:

- 11 (1) applicable non-bankruptcy law permits a sale of such property free  
12 and clear of such interest;
- 13 (2) such entity consents;
- 14 (3) such interest is a lien and the price at which such property is to be  
15 sold is greater than the aggregate value of all liens on such property;
- 16 (4) such interest is in bona fide dispute; or
- 17 (5) such entity could be compelled, in a legal or equitable proceeding,  
18 to accept money satisfaction of such interest.

19 11 U.S.C. § 363(f).

20 Here, the sales price is greater than the aggregate amount of all liens against the Property  
21 as shown above. As such, the Property can be sold free and clear of all liens pursuant to Section  
22 363(f)(3).

23 **C. The Court has the Authority to Approve the Bidding Procedures**

24 Implementation of the Bidding Procedures is an action outside of the ordinary course of  
25 the business. Bankruptcy Code Section 363(b)(1) provides that a trustee “after notice and  
26 hearing, may use, sell or lease, other than in the ordinary course of business, property of the  
27 estate.” 11 U.S.C. § 363(b)(1). Furthermore, under Bankruptcy Code Section 105(a), “[t]he  
28 court may issue any order, process, or judgment that is necessary or appropriate to carry out the  
provisions of this title.” 11 U.S.C. § 105(a). Thus, pursuant to Bankruptcy Code Sections  
363(b)(1) and 105(a), this Court may authorize the implementation of overbidding procedures.

The Ninth Circuit, in a case under the Bankruptcy Act, recognized the power of a bankruptcy court to issue orders determining the terms and conditions for overbids with respect to a sale of estate assets. *In re Crown Corporation*, 679 F.2d 774 (9th Cir. 1982). The *Crown Corporation* court entered an order specifying the minimum consideration required for an overbid as well as the particular contractual terms required to be offered by overbidders. *Id.* at 777. The *Crown Corporation* decision also approves an order requiring and setting the amount of potential overbidder's deposits and authorized courts to determine the disposition of such deposits. *Id.* While the discussion is not extensive, the *Crown Corporation* decision recognizes the authority of bankruptcy courts to order the implementation of bidding procedures such as those proposed in the present case.

**1. The Overbid Procedures are Untainted by Self-Dealing**

The Bidding Procedures have been proposed in good faith and have been negotiated on an "arms-length" basis. Therefore, there is no prospective taint in dealings between Trustee and any potential bidders.

**2. The Overbid Procedures Encourage Bidding and Are Fair in Amount**

The Bidding Procedures are designed to encourage, not hamper bidding and are reasonable under the circumstances. The Bidding Procedures are intended to provide potential overbidders with adequate information to make an informed decision as to the amount of their bid and the validity of their bid.

**3. The Overbid Procedures are Fair, Reasonable and Serve the Best Interests of the Estate**

The proposed Bidding Procedures serve the Estate in several ways. First, the Bidding Procedures themselves are fair, reasonable and productive; they will permit the Trustee to conduct an orderly sale and obtain the best possible price on the best possible terms for the Property.

The Bidding Procedures will ensure that all bids will be comparable. The Trustee will determine which bid is the highest and best for the Estate. The comparability requirement of the Bidding Procedures will make it possible to accomplish this task.

1 The Bidding Procedures will help the Trustee to obtain the highest and best possible price  
2 for the Property. The Bidding Procedures institute minimum overbid increments which the  
3 Trustee believes are reasonable. Thus, the Trustee will be able to obtain substantial benefit for  
4 this Estate from the sale of the Property from competing bids.

5 The Bidding Procedures require that potential bidders demonstrate their capacity to  
6 complete the transaction. It would be a serious loss to the Estate if it surrendered its opportunity  
7 to sell the Property to one buyer in favor of a competing bidder only to discover the successful  
8 bidder incapable of consummating the transaction. Thus, requiring bidders to qualify as  
9 qualified bidders will protect the Estate from such a loss.

10 Finally, the most important benefit of the Bidding Procedures to the Estate is that their  
11 implementation will enable the consummation of the proposed sale. The proposed sale will be  
12 the best way to obtain the maximum and most expedient recovery for creditors of this Estate.  
13 Implementation of the Bidding Procedures is an essential component of consummating the sale  
14 of the Property and maximizing the value of the Property for the Estate and creditors.

15 The Bidding Procedures proposed by the Trustee are fair and provide for a “level playing  
16 field” for all prospective bidders with respect to the Property. The proposed Bidding Procedures  
17 establish a reasonable but expeditious timeline for allowing the Trustee to give notice of the  
18 proposed sale and qualified bidders to conduct reasonable due diligence and submit competing  
19 offers for the Property, thereby potentially generating additional value for the Property.  
20 Furthermore, the notice that the Trustee proposes to provide to creditors and parties in interest in  
21 connection with the Bidding Procedures and the Sale Motion is designed to attract the most  
22 interest in the acquisition of the Property and is sufficient under the circumstances of this case.  
23 Thus, approval of the Bidding Procedures will serve the best interests of the Estate and its  
24 creditors.

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**D. Request for Payment of Real Estate Commission**

Bankruptcy Code Section 327 allows, with court approval, for the trustee to employ professional persons, “that do not hold or represent an interest adverse to the estate, and that are disinterested persons.” 11 U.S.C. § 327(a). By the Employment Order entered on October 21, 2015, the Trustee was authorized to employ the Broker to assist the Trustee in the marketing and sale of the Property.

Bankruptcy Code Section 328 allows employment of a professional person under section 327 “on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a) (emphasis added). Through this Sale Motion, as provided in the Agreement, the Trustee seeks authorization to pay a real estate broker commission in the amount of six percent (6%) of the purchase price. Through escrow on the sale of the Property, and subject to Bankruptcy Court approval, the Trustee shall pay a real estate broker’s commission as follows<sup>4</sup>:

| <u>Agent</u>  | <u>Commission</u>  |
|---|--------------------|
| Trustee’s Broker<br>KW Commercial, CABRE #01854035        | \$10,650.00        |
| Buyer’s Broker<br>Keller Williams Realty, CABRE #01854035 | \$10,650.00        |
| <b>Total Commission</b>                                   | <b>\$21,300.00</b> |

**E. The Court has the Authority to Waive the Fourteen-Day Stay of Sale**

Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

The Trustee desires to close the sale of the Property as soon as practicable after entry of an order approving the sale. Accordingly, the Trustee requests that the Court, in the discretion provided it under Federal Rule of Bankruptcy Procedure 6004(h), waive the fourteen (14) day stay requirement.

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<sup>4</sup> The total amount of real estate broker’s commission will increase if the purchase price for the Property is increased through by a successful overbid; but in no event will exceed six percent (6%) of the purchase price.

**III. CONCLUSION**

**WHEREFORE**, based upon the foregoing, the Trustee respectfully submits that good cause exists for granting the Sale Motion and requests that the Court enter an order as follows:

1. Approving the Bidding Procedures set forth above for the sale of the Property.
2. Authorizing the Trustee to sell the Property on an as-is, where-is basis, without any warranties or representations, to the Buyer (or Successful Bidder) pursuant to the terms and conditions as set forth in the Agreement attached as **Exhibit “2”** to the Bui Declaration.
3. Authorizing the sale of the Property free and clear of liens with liens not satisfied through the sale to attach to the sale proceeds in the same validity and priority as prior to the closing of the sale.
4. Authorizing the Trustee to pay from the proceeds of the sale of the Property all ordinary and customary costs of sale, including escrow fees.
5. Authorizing the Trustee to sign any and all documents convenient and necessary in pursuit of the sale as set forth above, including but not limited to any and all conveyances contemplated by the Agreement attached as **Exhibit “2”** to the Bui Declaration.
6. A determination by the Court that the Buyer is in good faith pursuant to Bankruptcy Code Section 363(m).
7. Approving the payment of the real estate commission in the total amount not to exceed six percent (6%) of the purchase price.
8. Waiving the fourteen day stay of the order approving the sale of the Property under Federal Rules of Bankruptcy Procedure 6004(h).
9. For such other and further relief as the Court deems just and proper under the circumstances of this case.

Respectfully submitted,

**SHULMAN HODGES & BASTIAN LLP**

Dated: February 25, 2016

/s/ Rika M. Kido

Leonard M. Shulman

Rika M. Kido

Attorneys for Lynda T. Bui, Chapter 7 Trustee

for the bankruptcy state of James Andrew Gonzales and  
Estela Ortega Gonzales

# DECLARATION



**DECLARATION OF LYNDA T. BUI**

I, Lynda T. Bui, declare:

1. I am the duly appointed, qualified and acting Chapter 7 trustee for the bankruptcy estate of James Andrew Gonzales and Estela Ortega Gonzales ("Debtors"). I have personal knowledge of the facts set forth herein, and if called and sworn as a witness, I could and would competently testify thereto, except where matters are stated on information and belief, in which case I am informed and believe that the facts so stated are true and correct.

2. I make this Declaration in support of my Motion for Order: (1) Approving the Sale of Real Property of the Estate Free and Clear of Certain Liens Pursuant to Bankruptcy Code §§ 363(b)(1), Subject to Overbids, Combined With Notice of Bidding Procedures and Request for Approval of the Bidding Procedures Utilized; (2) Approving Payment of Real Estate Commission; and (3) Granting Related Relief ("Sale Motion"). All capitalized terms not otherwise defined herein shall have the meaning set forth in the Sale Motion.

3. I have read and I am aware of the contents of the Sale Motion and the accompanying Memorandum of Points and Authorities. The facts stated in the Sale Motion and the Memorandum of Points and Authorities are true to the best of my knowledge.

4. The initial Chapter 7 341(a) Meeting of Creditors ("Meeting of Creditors") was scheduled for September 15, 2015. The Meeting of Creditors has been continued several times and is currently scheduled for February 26, 2016.

5. The last day to timely file a proof of claim in the Debtors' bankruptcy case was November 23, 2015. Currently, there are twenty-one (21) claims filed in this case for a total amount of \$8,437,217.33, including secured claims for \$702,468.64, priority claims for \$6,432,167.71 (including a claim filed on November 20, 2015 by the County of Riverside Department of Code Enforcement in the amount of \$6,660,958.00) and an administrative claim in the amount of \$975.00.

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6. On their Schedule A, the Debtors list the real property located at 570 Central Avenue #E, Lake Elsinore, California 92530-2741 ("Property"). The Debtors valued their interest in the Property at \$198,000.00. On their Schedule D, the Debtors list a secured claim against the Property in favor of Jason Gonzales in the amount of \$200,000.00.<sup>5</sup> The Debtors do not claim any exemptions in the Property.

7. I am informed and believe that the Property is 4,112 square foot commercial property on 0.210 acres with a roll up bay door. The Property was previously occupied by a tenant pursuant to a rental agreement entered into prior to the Petition Date. As of December 28, 2015, the Property is currently vacant.

8. Attached hereto as **Exhibit "1"** is a true and correct copy of the Preliminary Title Report dated June 18, 2015 for the Property.

9. On October 21, 2015, the Court entered an Order authorizing the employment of W. Darrow Fiedler of Keller Williams Realty/KW Commercial ("Broker") as my real estate broker to assist me with listing and marketing the Property for sale, as well as negotiating a sale price to prospective buyers to provide a benefit to the Estate ("Employment Order") (Docket No. 126).

10. The Broker has almost forty (40) years of experience as a real estate broker. The Broker is familiar with the sale of real property in the context of a bankruptcy case and has worked closely with several bankruptcy trustees in the sale of real property. As of the hearing on this Motion, I will have marketed the Property for approximately two (2) months with the assistance of the Broker. The marketing by the Broker has included preparation of a marketing brochure for the Property, listing the Property on the Multiple Listing Service and LoopNet for publication, as well as on the Court's website pursuant to the Notice of Sale of Estate Property on Local Bankruptcy Form 6004-2.

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<sup>5</sup> Pursuant to the Title Report (defined below), Jason Gonzales does not have a secured claim against the Property.

1 11. After conducting an on-site inspection, I was informed by the Broker that the  
2 Property was worth approximately \$360,000.00 and that the Broker recommended listing the  
3 Property for sale at \$360,000.00.

4 12. Through my Broker, on or about January 22, 2015, I received an offer to purchase  
5 the Property in the amount of \$355,000.00 from the Buyer. I also received at least four (4) other  
6 offers. I countered the Buyer's offer and the next highest offer for \$355,000.00, specifically  
7 including bankruptcy terms of sale. The Buyer accepted my counter-offer. Attached hereto as  
8 **Exhibit "2"** is a true and correct copy of the Commercial Property Purchase Agreement and  
9 Joint Escrow Instructions and Counteroffer re Purchase and Sale of 570 Central Ave. #E, Lake  
10 Elsinore, CA 92530-2741 (collectively the "Agreement").

11 13. I have consulted with my proposed accountants who informed me that there will  
12 not be any tax consequences for the sale of the Property.

13 14. The Buyer's offer presented in the Sale Motion is the highest and best offer the  
14 Estate has received. I believe that it would benefit the Estate to permit all interested parties to  
15 receive information and bid for the Property instead of selling the Property to the Buyer on an  
16 exclusive basis. Accordingly, in order to obtain the highest and best offer for the benefit of the  
17 creditors of this Estate, I also seek Court approval of the Bidding Procedures described in the  
18 Sale Motion.

19 15. With respect to overbidding, my office will be posting the sale of the Property on  
20 my counsel's website and on the National Association of Bankruptcy Trustees as is my standard  
21 practice for sales of properties. As required by the Local Bankruptcy Rules, the sale will also be  
22 posted on the Court's website.

23 16. Through the sale, I expect to generate proceeds of approximately \$137,000.00,  
24 which will benefit the Estate by providing funds for a distribution to the holders of unsecured  
25 claims.

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1           17. For the reasons set forth in the Sale Motion and this Declaration, I respectfully  
2 request that the Court grant the Sale Motion so that I do not lose this favorable business  
3 opportunity to net a substantial amount of money for the Estate.

4           I declare under penalty of perjury under the laws of the United States of America that the  
5 foregoing is true and correct.

6           Executed on February 23, 2016, at Irvine, California.

7  
8   
Lynda T. Bui

**EXHIBIT “1”**

**PRELIMINARY TITLE REPORT**

**Fidelity National Title Company**

5000 Van Nuys Blvd., Suite 500, Sherman Oaks, CA 91403

Phone: (818) 881-7800 • Fax: (818) 776-8528

Issuing Policies of Fidelity National Title Insurance Company

ORDER NO.: 00101823-994-VNO-SI

LOAN NO.:

Escrow Officer: Van Nuys Title Only EO

Title Officer: Sheila Isham

Phone: (818) 758-5718

Fax: (818) 475-5013

Email: sisham@fnf.com

Keller Williams Realty South Bay

23670 Hawthorne Boulevard, Suite 100

Torrance, CA 90505

ATTN: Darrow Fiedler

YOUR REF: 570 CENTRAL Avenue E

PROPERTY: 570 Central Avenue #E, Lake Elsinore, CA

**PRELIMINARY REPORT**

*In response to the application for a policy of title insurance referenced herein, **Fidelity National Title Company** hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.*

*The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.*

*This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.*

*The policy(s) of title insurance to be issued hereunder will be policy(s) of Fidelity National Title Insurance Company, a California Corporation.*

*Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.*

*It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.*

Countersigned by:

Authorized Signature



**Fidelity National Title Company**

5000 Van Nuys Blvd., Suite 500, Sherman Oaks, CA 91403

Phone: (818) 881-7800 • Fax: (818) 776-8528

**PRELIMINARY REPORT**

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**EFFECTIVE DATE:** June 18, 2015 at 7:30 a.m.

**ORDER NO.:** 00101823-994-VNO-SI

The form of policy or policies of title insurance contemplated by this report is:

**CLTA Standard Coverage Policy of Title Insurance (4-8-14)**

**ALTA Extended Loan Policy (6-17-06)**

1. THE ESTATE OR INTEREST IN THE LAND HEREINAFTER DESCRIBED OR REFERRED TO COVERED BY THIS REPORT IS:

**A FEE**

2. TITLE TO SAID ESTATE OR INTEREST AT THE DATE HEREOF IS VESTED IN:

**James A. Gonzales and Estela O. Gonzales, husband and wife as joint tenants, subject to proceedings pending in the bankruptcy court where a petition for relief was filed.**

**Name of Debtor:** James Andrew Gonzales and Estela Ortega Gonzales

**Date of Filing:** April 3, 2015

**U.S. District Court:** Central District of California

**Case No:** 6:15-bk-13359-SY

3. THE LAND REFERRED TO IN THIS REPORT IS DESCRIBED AS FOLLOWS:

**See Exhibit A attached hereto and made a part hereof.**

PRELIMINARY REPORT

YOUR REFERENCE: 570 CENTRAL Avenue E

Fidelity National Title Company

ORDER NO.: 00101823-994-VNO-SI

**EXHIBIT A**  
**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LAKE ELSINORE, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 28 OF PARCEL MAP NO. 24751, IN THE CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 164 PAGES 64 TO 66 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 377-410-028-6

[APN MAP](#)

[PLOTTED MAP](#)



PRELIMINARY REPORT

YOUR REFERENCE: 570 CENTRAL Avenue E

Fidelity National Title Company

ORDER NO.: 00101823-994-VNO-SI

**EXCEPTIONS**

**AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS:**

1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the fiscal year 2015-2016.
2. Said property has been declared tax defaulted for non-payment of delinquent taxes for the fiscal year 2009-2010

APN No.: 377-410-028-6  
 Default No.: Not Shown  
 Default Date: June 30, 2010

Amounts to redeem for the above-stated fiscal year (and subsequent years, if any) are:

Amount: \$4,268.24, by: June 30, 2015

3. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

Note: If said supplementals (if any) are not posted prior to the date of closing, this company assumes no liability for payment thereof.

4. Water rights, claims or title to water, whether or not disclosed by the public records.
5. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the Public Records.
6. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Public utilities  
 Recording Date: November 17, 1989  
 Recording No.: [403228](#), Official Records  
 Affects: Said land

and Re-Recording Date: December 22, 1989  
 and Re-Recording No.: [447635](#), Official Records

7. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Public utilities  
 Recording Date: January 23, 1990  
 Recording No.: [26302](#), Official Records  
 Affects: Said land

8. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Public utilities  
 Recording Date: May 3, 1990  
 Recording No.: [163344](#), Official Records  
 Affects: Said land

### EXCEPTIONS (Continued)

9. The matters set forth in the document shown below which, among other things, contains or provides for: certain easements; liens and the subordination thereof; provisions relating to partition; restrictions on severability of component parts; and covenants, conditions and restrictions but omitting any covenants or restrictions, if any, including, but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

Entitled: Declaration of Covenants, Conditions and Restrictions  
 Recording Date: May 31, 1990  
 Recording No.: [199805](#), Official Records

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

\*Note: To avoid delays at the time of closing, it will be necessary that a written statement from the Owners' Association that all liens, charges and/or assessments levied on said land have been paid. Said statement should include all amounts due up to and including the date of closing.

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Public utilities  
 Recording Date: August 17, 1990  
 Recording No.: [307151](#), Official Records  
 Affects: Said land

11. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Utilities  
 Recording Date: October 31, 1990  
 Recording No.: [398969](#), Official Records  
 Affects: Said land

12. A notice that said Land is included within a project area of the Redevelopment Agency shown below, and that proceedings for the redevelopment of said project have been instituted under the Redevelopment Law (such redevelopment to proceed only after the adoption of the redevelopment plan) as disclosed by a document

Recording Date: June 30, 2009  
 Recording No.: [2009-0333200](#), Official Records  
 Redevelopment Agency: City of Lake Elsinore

13. An unrecorded lease with certain terms, covenants, conditions and provisions set forth therein as disclosed by the document

Entitled: Subordination Agreement  
 Lessor: James A. Gonzales and Estela O. Gonzales  
 Lessee: Heritage Brewing Company  
 Recording Date: April 17, 1996  
 Recording No.: [138027](#), Official Records

**EXCEPTIONS**  
**(Continued)**

The present ownership of the leasehold created by said lease and other matters affecting the interest of the lessee are not shown herein.

14. A deed of trust to secure an indebtedness in the amount shown below,

Amount: \$100,000.00  
 Dated: April 15, 2013  
 Trustor/Grantor: James A. Gonzales and Estela O. Gonzales, husband and wife as joint tenants  
 Trustee: Stewart Title of California, Inc., a California Corporation  
 Beneficiary: Floyd Jackson and Anna Jackson, husband and wife as joint tenants  
 Loan No.: As provided therein  
 Recording Date: April 30, 2003  
 Recording No: [2003-304659](#), Official Records

This Company will require that the original note, the original deed of trust and a properly executed request for full reconveyance together with appropriate documentation (i.e., copy of trust, partnership agreement or corporate resolution) be in this office prior to the close of this transaction if the above-mentioned item is to be paid through this transaction or deleted from a policy of title insurance.

Any demands submitted to us for payoff must be signed by all beneficiaries as shown on said deed of trust, and/or any assignments thereto. In the event said demand is submitted by an agent of the beneficiary(s), we will require the written approval of the demand by the beneficiary(s). Servicing agreements do not constitute approval for the purposes of this requirement.

If no amounts remain due under the obligation a zero balance demand will be required along with the reconveyance documents.

In addition, we require the written approval of said demand by the trustor(s) on said deed of trust or the current owners if applicable.

Assignment of the beneficial interest under said deed of trust which names:

Assignee: The Trustee of the Jackson Family AB Living Trust dated 5/27/05  
 Recording Date: June 10, 2005  
 Recording No.: [2005-0462393](#), Official Records

15. Notice of delinquent assessments and lien payable to the Owners' Association pursuant to the declaration herein.

Amount: \$3,537.60  
 Owners Association: Central Business Park Owners Association  
 Recording Date: June 16, 2003  
 Recording No: [2003-436760](#), Official Records

16. A lien for unsecured property taxes filed by the tax collector of the county shown, for the amount set forth, and any other amounts due.

PRELIMINARY REPORT

YOUR REFERENCE: 570 CENTRAL Avenue E

Fidelity National Title Company  
ORDER NO.: 00101823-994-VNO-SI**EXCEPTIONS**  
**(Continued)**

County: Riverside  
 Fiscal Year: 2005  
 Taxpayer: Jesse Munoz; James A. Gonzales  
 County ID No.: 0324072  
 Amount: \$323.63  
 Recording Date: June 28, 2007  
 Recording No.: [2007-0419228](#), Official Records

17. A lien for unsecured property taxes filed by the tax collector of the county shown, for the amount set forth, and any other amounts due.

County: Riverside  
 Fiscal Year: 2005  
 Taxpayer: James A. Gonzales  
 County ID No.: 0344450  
 Amount: \$276.84  
 Recording Date: May 5, 2008  
 Recording No.: [2008-0233396](#), Official Records

18. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$58,950.42  
 Debtor: James A. Gonzales  
 Creditor: Richard B. Beck, Esq.  
 Date Entered: May 8, 2008  
 County: Riverside  
 Court: Superior  
 Case No. RIC 481845  
 Recording Date: May 9, 2008  
 Recording No.: [2005-0250220](#), Official Records

## A Partial Acknowledgment of Satisfaction of Judgment

Recording Date: June 10, 2014  
 Recording No.: [2014-0212300](#), Official Records

## A Partial Acknowledgment of Satisfaction of Judgment

Recording Date: August 26, 2014  
 Recording No.: [2014-0322563](#), Official Records

19. An abstract of judgment for the amount shown below and any other amounts due:

PRELIMINARY REPORT

YOUR REFERENCE: 570 CENTRAL Avenue E

Fidelity National Title Company  
ORDER NO.: 00101823-994-VNO-SI**EXCEPTIONS**  
**(Continued)**

Amount: \$4,809.12  
 Debtor: James A. Gonzales; Estela O. Gonzales  
 Creditor: Canyon Lake Property Owners Association  
 Date Entered: August 25, 2009  
 County: Riverside  
 Court: Superior  
 Case No. RIC 508665  
 Recording Date: September 8, 2009  
 Recording No: [2009-0466849](#), Official Records

20. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$42,675.93  
 Debtor: James A. Gonzales; Estella O. Gonzales aka Estela O. Gonzales  
 Creditor: Sierra Dawn Estates Homeowners Association  
 Date Entered: October 26, 2012  
 County: Riverside  
 Court: Superior  
 Case No. RIC 516217  
 Recording Date: May 28, 2013  
 Recording No: [2013-0250591](#), Official Records

21. An abstract of judgment for the amount shown below and any other amounts due:

Amount: \$127,694.00  
 Debtor: James Gonzales, an individual  
 Creditor: Pacific Western Bank  
 Date Entered: February 26, 2014  
 County: Riverside  
 Court: Superior  
 Case No. RIC 1117694  
 Recording Date: March 12, 2014  
 Recording No: [2014-0091585](#), Official Records

**PLEASE REFER TO THE "INFORMATIONAL NOTES" AND "REQUIREMENTS" SECTIONS WHICH FOLLOW FOR INFORMATION NECESSARY TO COMPLETE THIS TRANSACTION.**

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**END OF EXCEPTIONS**

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## REQUIREMENTS SECTION

1. Any defect or invalidity of the title to said Land arising out of or occasioned by a violation of the Bankruptcy Code.
2. In order to complete this report, the Company requires a Statement of Information to be completed by the following party(s),

Party(s): All Parties

The Company reserves the right to add additional items or make further requirements after review of the requested Statement of Information.

NOTE: The Statement of Information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed Statement of Information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the Statement of Information is essential and will be kept strictly confidential to this file.

3. Your application for title insurance was placed by reference to only a street address or tax identification number. Based on our records, we believe that the legal description in this report covers the parcel(s) of Land that you requested. If the legal description is incorrect, the seller/borrower must notify the Company and/or the settlement company in order to prevent errors and to be certain that the correct parcel(s) of Land will appear on any documents to be recorded in connection with this transaction and on the policy of title insurance
4. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said land that is satisfactory to this Company, and/or by inquiry of the parties in possession thereof.

An inspection of said land is required for our A.L.T.A. Loan Policy.

Note: PLEASE CONTACT THIS COMPANY TO ARRANGE AN APPOINTMENT FOR THE NECESSARY INSPECTION.

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**END OF REQUIREMENTS**

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## INFORMATIONAL NOTES SECTION

1. Note: The Company is not aware of any matters which would cause it to decline to attach CLTA Endorsement Form 116 indicating that there is located on said Commercial Property known as 570 Central Avenue #E, Lake Elsinore, California to an Extended Coverage Loan Policy.
2. Note: The policy of title insurance will include an arbitration provision. The Company or the insured may demand arbitration provision. Arbitrable matters may include, but are not limited to any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance Coverage.
3. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
4. Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts were:

|                         |               |
|-------------------------|---------------|
| Tax Identification No.: | 377-410-028-6 |
| Fiscal Year:            | 2014-2015     |
| 1st Installment:        | \$1,038.37    |
| 2nd installment:        | \$1,038.37    |
| Exemption:              | \$0.00        |
| Land:                   | \$61,975.00   |
| Improvements:           | \$134,503.00  |
| Code Area:              | 005-018       |
| Personal Property:      | \$0.00        |
| Bill No.:               | 0263990       |
5. Although the ALTA Homeowner's Policy is automatically issued by this Company, for qualified properties/transactions, the pending transaction and/or property DOES NOT QUALIFY and the Standard CLTA Owner's Policy will be issued at the close of escrow.
6. If a county recorder, title insurance company, escrow company, real estate broker, real estate agent or association provides a copy of a declaration, governing document or deed to any person, California law requires that the document provided shall include a statement regarding any unlawful restrictions. Said statement is to be in at least 14-point bold face type and may be stamped on the first page of any document provided or included as a cover page attached to the requested document. Should a party to this transaction request a copy of any document reported herein that fits this category, the statement is to be included in the manner described.
7. Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third party service. If the above requirements cannot be met, please call the Company at the number provided in this report
8. Amended Civil Code Section 2941, which becomes effective on January 1, 2002, sets the fee for the processing and recordation of the reconveyance of each Deed of Trust being paid off through this transaction at \$45.00. The reconveyance fee must be clearly set forth in the Beneficiary's Payoff Demand Statement ("Demand"). In addition, an assignment or authorized release of that fee, from the Beneficiary to the Trustee of record, must be included. An example of the required language is as follows:

The Beneficiary identified above hereby assigns, releases or transfers to the Trustee of record, the sum of \$45.00, included herein as 'Reconveyance Fees', for the processing and recordation of the Reconveyance of the Deed of Trust securing the indebtedness covered hereby, and the escrow company or title company processing this pay-off is authorized to deduct the Reconveyance Fee from this Demand and forward said fee to the Trustee of record or the successor Trustee under the Trust Deed to be paid off in full.

**INFORMATIONAL NOTES**  
(Continued)

In the event that the reconveyance fee and the assignment, release or transfer are not included within the demand statement, then Fidelity National Title Insurance Company and its Underwritten Agent may decline to process the reconveyance and will be forced to return all documentation directly to the Beneficiary for compliance with the requirements of the revised statute.

9. Note: Part of the RESPA Rule to simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs requires the settlement agent to disclose the agent and underwriter split of title premiums, including endorsements as follows:

Line 1107 is used to record the amount of the total title insurance premium, including endorsements, that is retained by the title agent. Fidelity National Title Company retains 88% of the total premium and endorsements.

Line 1108 used to record the amount of the total title insurance premium, including endorsements, that is retained by the title underwriter. Fidelity National Title Insurance Company retains 12% of the total premium and endorsements.

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**END OF INFORMATIONAL NOTES**

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Sheila Isham/fj



Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing real estate- and loan-related services (collectively, “FNF”, “our” or “we”) respect and are committed to protecting your privacy. This Privacy Notice lets you know how and for what purposes your Personal Information (as defined herein) is being collected, processed and used by FNF. We pledge that we will take reasonable steps to ensure that your Personal Information will only be used in ways that are in compliance with this Privacy Notice. The provision of this Privacy Notice to you does not create any express or implied relationship, or create any express or implied duty or other obligation, between Fidelity National Financial, Inc. and you. See also **No Representations or Warranties** below.

This Privacy Notice is only in effect for any generic information and Personal Information collected and/or owned by FNF, including collection through any FNF website and any online features, services and/or programs offered by FNF (collectively, the “Website”). This Privacy Notice is not applicable to any other web pages, mobile applications, social media sites, email lists, generic information or Personal Information collected and/or owned by any entity other than FNF.

#### **How Information is Collected**

The types of personal information FNF collects may include, among other things (collectively, “Personal Information”): (1) contact information (e.g., name, address, phone number, email address); (2) demographic information (e.g., date of birth, gender marital status); (3) Internet protocol (or IP) address or device ID/UDID; (4) social security number (SSN), student ID (SIN), driver’s license, passport, and other government ID numbers; (5) financial account information; and (6) information related to offenses or criminal convictions.

In the course of our business, we may collect Personal Information about you from the following sources:

- Applications or other forms we receive from you or your authorized representative;
- Information we receive from you through the Website;
- Information about your transactions with or services performed by us, our affiliates, or others; and
- From consumer or other reporting agencies and public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

#### **Additional Ways Information is Collected Through the Website**

**Browser Log Files.** Our servers automatically log each visitor to the Website and collect and record certain information about each visitor. This information may include IP address, browser language, browser type, operating system, domain names, browsing history (including time spent at a domain, time and date of your visit), referring/exit web pages and URLs, and number of clicks. The domain name and IP address reveal nothing personal about the user other than the IP address from which the user has accessed the Website.

**Cookies.** From time to time, FNF or other third parties may send a “cookie” to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer’s hard drive and that can be re-sent to the serving website on subsequent visits. A cookie, by itself, cannot read other data from your hard disk or read other cookie files already on your computer. A cookie, by itself, does not damage your system. We, our advertisers and other third parties may use cookies to identify and keep track of, among other things, those areas of the Website and third party websites that you have visited in the past in order to enhance your next visit to the Website. You can choose whether or not to accept cookies by changing the settings of your Internet browser, but some functionality of the Website may be impaired or not function as intended. See the **Third Party Opt Out** section below.

**Web Beacons.** Some of our web pages and electronic communications may contain images, which may or may not be visible to you, known as Web Beacons (sometimes referred to as “clear gifs”). Web Beacons collect only limited information that includes a cookie number; time and date of a page view; and a description of the page on which the Web Beacon resides. We may also carry Web Beacons placed by third party advertisers. These Web Beacons do not carry any Personal Information and are only used to track usage of the Website and activities associated with the Website. See the **Third Party Opt Out** section below.

**Unique Identifier.** We may assign you a unique internal identifier to help keep track of your future visits. We may use this information to gather aggregate demographic information about our visitors, and we may use it to personalize the information you see on the Website and some of the electronic communications you receive from us. We keep this information for our internal use, and this information is not shared with others.

**Third Party Opt Out.** Although we do not presently, in the future we may allow third-party companies to serve advertisements and/or collect certain anonymous information when you visit the Website. These companies may use non-personally identifiable information (e.g., click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during your visits to the Website in order to provide advertisements about products and services likely to be of greater interest to you. These companies typically use a cookie or third party Web Beacon to collect this information, as further described above. Through these technologies, the third party may have access to and use non-personalized information about your online usage activity.

You can opt-out of certain online behavioral services through any one of the ways described below. After you opt-out, you may continue to receive advertisements, but those advertisements will no longer be as relevant to you.

- You can opt-out via the Network Advertising Initiative industry opt-out at <http://www.networkadvertising.org/>.
- You can opt-out via the Consumer Choice Page at <http://www.aboutads.info>.
- For those in the U.K., you can opt-out via the IAB UK’s industry opt-out at <http://www.youronlinechoices.com>.
- You can configure your web browser (Chrome, Firefox, Internet Explorer, Safari, etc.) to delete and/or control the use of cookies.

More information can be found in the Help system of your browser. Note: If you opt-out as described above, you should not delete your cookies. If you delete your cookies, you will need to opt-out again.

#### **Use of Personal Information**

Information collected by FNF is used for three main purposes:

- To provide products and services to you or one or more third party service providers (collectively, “Third Parties”) who are obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services that we perform for you or for Third Parties.
- To communicate with you and to inform you about FNF’s, FNF’s affiliates and third parties’ products and services.

#### **When Information Is Disclosed By FNF**

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To agents, brokers, representatives, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers who provide services or perform marketing services or other functions on our behalf;
- To law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

In addition to the other times when we might disclose information about you, we might also disclose information when required by law or in the good-faith belief that such disclosure is necessary to: (1) comply with a legal process or applicable laws; (2) enforce this Privacy Notice; (3) respond to claims that any materials, documents, images, graphics, logos, designs, audio, video and any other information provided by you violates the rights of third parties; or (4) protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep the Personal Information that is disclosed to us secure. We provide Personal Information and non-Personal Information to our subsidiaries, affiliated companies, and other businesses or persons for the purposes of processing such information on our behalf and promoting the services of our trusted business partners, some or all of which may store your information on servers outside of the United States. We require that these parties agree to process such information in compliance with our Privacy Notice or in a similar, industry-standard manner, and we use reasonable efforts to limit their use of such information and to use other appropriate confidentiality and security measures. The use of your information by one of our trusted business partners may be subject to that party's own Privacy Notice. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

We also reserve the right to disclose Personal Information and/or non-Personal Information to take precautions against liability, investigate and defend against any third-party claims or allegations, assist government enforcement agencies, protect the security or integrity of the Website, and protect the rights, property, or personal safety of FNF, our users or others.

We reserve the right to transfer your Personal Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets. We also cannot make any representations regarding the use or transfer of your Personal Information or other information that we may have in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors, and you expressly agree and consent to the use and/or transfer of your Personal Information or other information in connection with a sale or transfer of some or all of our assets in any of the above described proceedings. Furthermore, we cannot and will not be responsible for any breach of security by any third parties or for any actions of any third parties that receive any of the information that is disclosed to us.

#### **Information From Children**

We do not collect Personal Information from any person that we know to be under the age of thirteen (13). Specifically, the Website is not intended or designed to attract children under the age of thirteen (13). You affirm that you are either more than 18 years of age, or an emancipated minor, or possess legal parental or guardian consent, and are fully able and competent to enter into the terms, conditions, obligations, affirmations, representations, and warranties set forth in this

Privacy Notice, and to abide by and comply with this Privacy Notice. In any case, you affirm that you are over the age of 13, as **THE WEBSITE IS NOT INTENDED FOR CHILDREN UNDER 13 THAT ARE UNACCOMPANIED BY HIS OR HER PARENT OR LEGAL GUARDIAN.**

Parents should be aware that FNF's Privacy Notice will govern our use of Personal Information, but also that information that is voluntarily given by children – or others – in email exchanges, bulletin boards or the like may be used by other parties to generate unsolicited communications. FNF encourages all parents to instruct their children in the safe and responsible use of their Personal Information while using the Internet.

#### **Privacy Outside the Website**

The Website may contain various links to other websites, including links to various third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites. Other than under agreements with certain reputable organizations and companies, and except for third party service providers whose services either we use or you voluntarily elect to utilize, we do not share any of the Personal Information that you provide to us with any of the websites to which the Website links, although we may share aggregate, non-Personal Information with those other third parties. Please check with those websites in order to determine their privacy policies and your rights under them.

#### **European Union Users**

If you are a citizen of the European Union, please note that we may transfer your Personal Information outside the European Union for use for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information, you consent to both our collection and such transfer of your Personal Information in accordance with this Privacy Notice.

#### **Choices With Your Personal Information**

Whether you submit Personal Information to FNF is entirely up to you. You may decide not to submit Personal Information, in which case FNF may not be able to provide certain services or products to you.

You may choose to prevent FNF from disclosing or using your Personal Information under certain circumstances ("opt out"). You may opt out of any disclosure or use of your Personal Information for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization by notifying us by one of the methods at the end of this Privacy Notice. Furthermore, even where your Personal Information is to be disclosed and used in accordance with the stated purposes in this Privacy Notice, you may elect to opt out of such disclosure to and use by a third party that is not acting as an agent of FNF. As described above, there are some uses from which you cannot opt-out.

Please note that opting out of the disclosure and use of your Personal Information as a prospective employee may prevent you from being hired as an employee by FNF to the extent that provision of your Personal Information is required to apply for an open position.

If FNF collects Personal Information from you, such information will not be disclosed or used by FNF for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization unless you affirmatively consent to such disclosure and use.

You may opt out of online behavioral advertising by following the instructions set forth above under the above section "Additional Ways That Information Is Collected Through the Website," subsection "Third Party Opt Out."

#### **Access and Correction**

To access your Personal Information in the possession of FNF and correct inaccuracies of that information in our records, please contact us in the manner specified at the end of this Privacy Notice. We ask

individuals to identify themselves and the information requested to be accessed and amended before processing such requests, and we may decline to process requests in limited circumstances as permitted by applicable privacy legislation.

#### **Your California Privacy Rights**

Under California's "Shine the Light" law, California residents who provide certain personally identifiable information in connection with obtaining products or services for personal, family or household use are entitled to request and obtain from us once a calendar year information about the customer information we shared, if any, with other businesses for their own direct marketing uses. If applicable, this information would include the categories of customer information and the names and addresses of those businesses with which we shared customer information for the immediately prior calendar year (e.g., requests made in 2015 will receive information regarding 2014 sharing activities).

To obtain this information on behalf of FNF, please send an email message to [privacy@fnf.com](mailto:privacy@fnf.com) with "Request for California Privacy Information" in the subject line and in the body of your message. We will provide the requested information to you at your email address in response.

Please be aware that not all information sharing is covered by the "Shine the Light" requirements and only information on covered sharing will be included in our response.

Additionally, because we may collect your Personal Information from time to time, California's Online Privacy Protection Act requires us to disclose how we respond to "do not track" requests and other similar mechanisms. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

#### **FNF Compliance with California Online Privacy Protection Act**

For some websites which FNF or one of its companies owns, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer for fulfilling a service to that mortgage loan servicer. For example, you may access CCN to complete a transaction with your mortgage loan servicer. During this transaction, the information which we may collect on behalf of the mortgage loan servicer is as follows:

- First and Last Name
- Property Address
- User Name
- Password
- Loan Number
- Social Security Number - masked upon entry
- Email Address
- Three Security Questions and Answers
- IP Address

The information you submit is then transferred to your mortgage loan servicer by way of CCN.

**The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application.

All sections of the FNF Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Personal Information and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, you should contact your mortgage loan servicer.

#### **No Representations or Warranties**

By providing this Privacy Notice, Fidelity National Financial, Inc. does not make any representations or warranties whatsoever concerning any products or services provided to you by its majority-owned subsidiaries. In addition, you also expressly agree that your use of the Website is at your own risk. Any services provided to you by Fidelity National Financial, Inc. and/or the Website are provided "as is" and "as available" for your use, without representations or warranties of any kind, either express or implied, unless such warranties are legally incapable of exclusion. Fidelity National Financial, Inc. makes no representations or warranties that any services provided to you by it or the Website, or any services offered in connection with the Website are or will remain uninterrupted or error-free, that defects will be corrected, or that the web pages on or accessed through the Website, or the servers used in connection with the Website, are or will remain free from any viruses, worms, time bombs, drop dead devices, Trojan horses or other harmful components. Any liability of Fidelity National Financial, Inc. and your exclusive remedy with respect to the use of any product or service provided by Fidelity National Financial, Inc. including on or accessed through the Website, will be the re-performance of such service found to be inadequate.

#### **Your Consent To This Privacy Notice**

By submitting Personal Information to FNF, you consent to the collection and use of information by us as specified above or as we otherwise see fit, in compliance with this Privacy Notice, unless you inform us otherwise by means of the procedure identified below. If we decide to change this Privacy Notice, we will make an effort to post those changes on the Website. Each time we collect information from you following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you may submit in any manner that we may choose without notice or compensation to you.

If you have additional questions or comments, please let us know by sending your comments or requests to:

Fidelity National Financial, Inc.  
601 Riverside Avenue  
Jacksonville, Florida 32204  
Attn: Chief Privacy Officer  
(888) 934-3354  
[privacy@fnf.com](mailto:privacy@fnf.com)

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EFFECTIVE AS OF: MAY 1, 2015

### **Notice of Available Discounts**

Pursuant to Section 2355.3 in Title 10 of the California Code of Regulations Fidelity National Financial, Inc. and its subsidiaries ("FNF") must deliver a notice of each discount available under our current rate filing along with the delivery of escrow instructions, a preliminary report or commitment. Please be aware that the provision of this notice does not constitute a waiver of the consumer's right to be charged the field rate. As such, your transaction may not qualify for the below discounts.

You are encouraged to discuss the applicability of one or more of the below discounts with a Company representative. These discounts are generally described below; consult the rate manual for a full description of the terms, conditions and requirements for each discount. These discounts only apply to transaction involving services rendered by the FNF Family of Companies. This notice only applies to transactions involving property improved with a one-to-four family residential dwelling.

#### **FNF Underwritten Title Company**

FNTC - Fidelity National Title Company

FNTCCA – Fidelity National Title Company of California

#### **FNF Underwriter**

FNTIC - Fidelity National Title Insurance Company

#### **Available Discounts**

##### **CREDIT FOR PRELIMINARY REPORTS AND/OR COMMITMENTS ON SUBSEQUENT POLICIES (FNTIC)**

Where no major change in the title has occurred since the issuance of the original report or commitment, the order may be reopened within 12 months and all or a portion of the charge previously paid for the report or commitment may be credited on a subsequent policy charge within the following time period from the date of the report.

##### **DISASTER LOANS (FNTIC)**

The charge for a lender's Policy (Standard or Extended coverage) covering the financing or refinancing by an owner of record, within 24 months of the date of a declaration of a disaster area by the government of the United States or the State of California on any land located in said area, which was partially or totally destroyed in the disaster, will be 50% of the appropriate title insurance rate.

##### **CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS (FNTIC)**

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities, provided said charge is normally the church's obligation the charge for an owner's policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. The charge for a lender's policy shall be 40% to 50% of the appropriate title insurance rate, depending on the type of coverage selected.

**Attachment One (Revised 06-05-14)**

**CALIFORNIA LAND TITLE ASSOCIATION  
STANDARD COVERAGE POLICY – 1990 (04-08-14)**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**EXCEPTIONS FROM COVERAGE—SCHEDULE B, PART I**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
- Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
  3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
  4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
  5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
  6. Any lien or right to a lien for services, labor or material not shown by the public records.

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)**

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building;
  - b. zoning;

- c. land use;
- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

- 2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
- 3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
- 4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
- 5. Failure to pay value for Your Title.
- 6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

- 7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.
- 8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
- 9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

#### LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

|                  | <u>Your Deductible Amount</u>                               | <u>Our Maximum Dollar<br/>Limit of Liability</u> |
|------------------|---|--|
|                  | 1.00% of Policy Amount Shown in Schedule A<br>or \$2,500.00 |  |
| Covered Risk 16: | (whichever is less)   | \$10,000.00                                      |
|                  | 1.00% of Policy Amount Shown in Schedule A<br>or \$5,000.00 |  |
| Covered Risk 18: | (whichever is less)   | \$25,000.00                                      |
|                  | 1.00% of Policy Amount Shown in Schedule A<br>or \$5,000.00 |  |
| Covered Risk 19: | (whichever is less)   | \$25,000.00                                      |
|                  | 1.00% of Policy Amount Shown in Schedule A<br>or \$2,500.00 |  |
| Covered Risk 21: | (whichever is less)   | \$5,000.00                                       |

#### 2006 ALTA LOAN POLICY (06-17-06) EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;



- (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
- (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
- 4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
- 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
- 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
- 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

Except as provided in Schedule B - Part II, this policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

#### **PART I**

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

- 1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
- 2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
- 3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
- 4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
- 5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
- 6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

#### **PART II**

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:

### **2006 ALTA OWNER'S POLICY (06-17-06)**

#### **EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

- 1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
- 2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
- 3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

#### **EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. Variable exceptions such as taxes, easements, CC&R's, etc. shown here.

### **ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)**

#### **EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

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**EXHIBIT 1**



9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

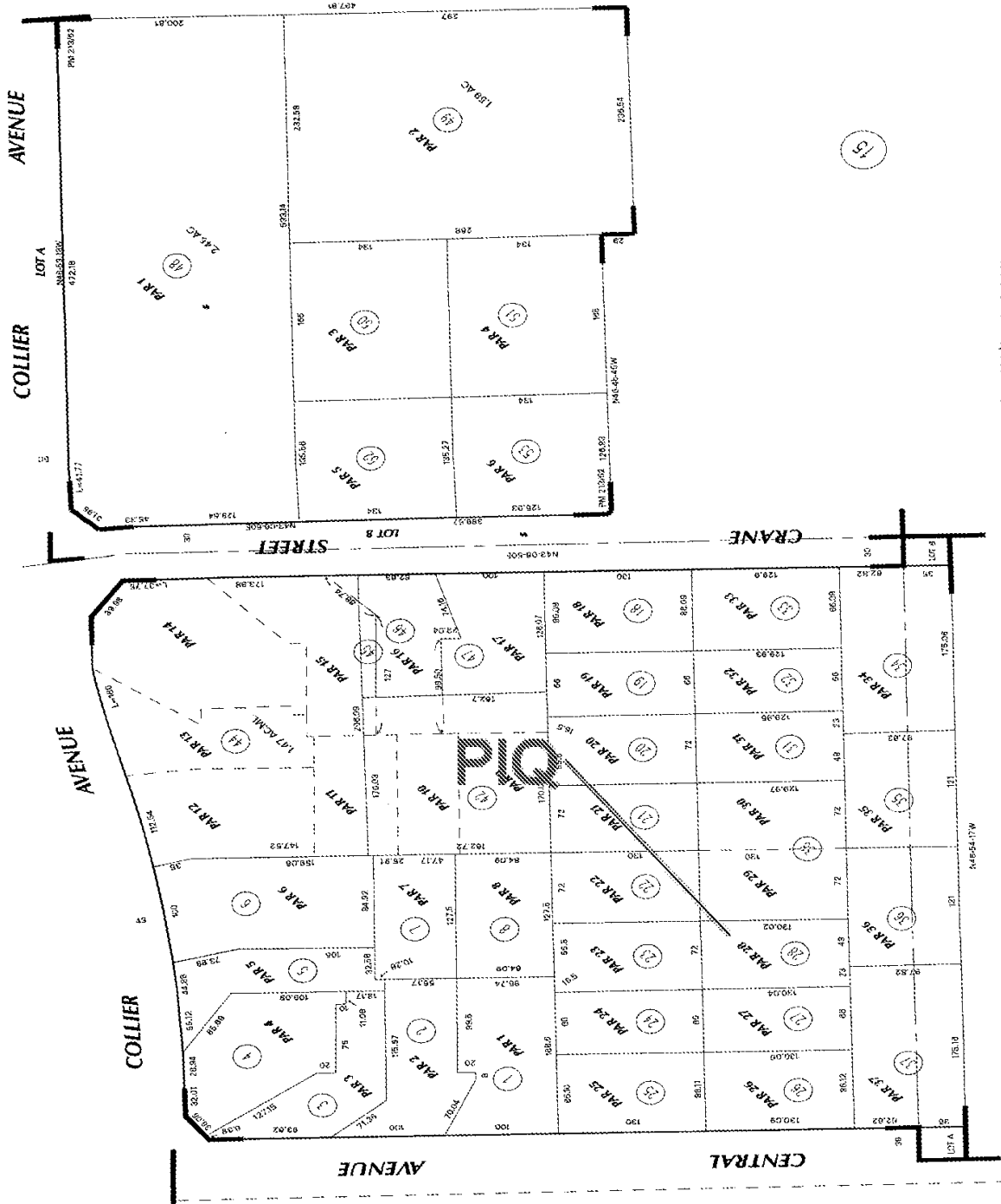
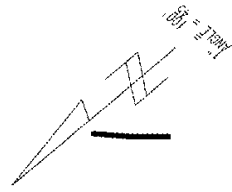
377-41  
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T.R.A. 005-018

SEC. 31 T. 5S., R. 4W  
CITY OF LAKE ELSINORE

THIS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY  
FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL  
COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

19 2006



| PARCEL | OLD NUMBER | NEW NUMBER |
|--------|------------|------------|
| 24     | 24         | 24         |
| 25     | 25         | 25         |
| 26     | 26         | 26         |
| 27     | 27         | 27         |
| 28     | 28         | 28         |
| 29     | 29         | 29         |
| 30     | 30         | 30         |
| 31     | 31         | 31         |
| 32     | 32         | 32         |
| 33     | 33         | 33         |
| 34     | 34         | 34         |
| 35     | 35         | 35         |
| 36     | 36         | 36         |
| 37     | 37         | 37         |
| 38     | 38         | 38         |
| 39     | 39         | 39         |
| 40     | 40         | 40         |
| 41     | 41         | 41         |
| 42     | 42         | 42         |
| 43     | 43         | 43         |
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May 2006

PM 164/64-68 PARCEL MAP NO. 24751  
PM 213/62-64 PARCEL MAP NO. 32611

ASSESSOR'S MAP EX377 Pg. 41  
Riverside County, Calif.

Fidelity National Title Company  
This plat is for your aid in locating your land with reference  
to streets and other parcels. While this plat is believed to be  
correct, the Company assumes no liability for any loss  
occurring by reason of reliance thereon.

**EXHIBIT “2”**

**SALE AGREEMENT**



CALIFORNIA  
ASSOCIATION  
OF REALTORS®

**COMMERCIAL PROPERTY PURCHASE AGREEMENT  
AND JOINT ESCROW INSTRUCTIONS**  
(NON-RESIDENTIAL)  
(C.A.R. Form CPA, Revised 12/15)

Date Prepared: 01/22/2016

**1. OFFER:**

- A. **THIS IS AN OFFER FROM** Pro Circuit Electric, Inc. ("Buyer").  
☐ Individual(s), ☐ A Corporation, ☐ A Partnership, ☐ An LLC, ☐ An LLP, or ☐ Other \_\_\_\_\_.
- B. **THE REAL PROPERTY** to be acquired is 570 Central Ave Ste E, situated in  
Lake Elsinore (City), Riverside (County), California, 92530-2741 (Zip Code), Assessor's Parcel No. 337410028 ("Property").
- C. **THE PURCHASE PRICE** offered is Three Hundred Fifty-Five Thousand  
Dollars \$ 355,000.00.
- D. **CLOSE OF ESCROW** shall occur on \_\_\_\_\_ (date) (or ☒ 45 Days After Acceptance).
- E. Buyer and Seller are referred to herein as the "Parties." Brokers are not Parties to this Agreement.

**2. AGENCY:**

- A. **DISCLOSURE:** The Parties each acknowledge receipt of a ☒ "Disclosure Regarding Real Estate Agency Relationships" (C.A.R. Form AD).
- B. **CONFIRMATION:** The following agency relationships are hereby confirmed for this transaction:  
Listing Agent KW Commercial (Print Firm Name) is the agent of (check one):  
☐ the Seller exclusively; or ☒ both the Buyer and Seller.  
Selling Agent Keller Williams Realty South Bay (Print Firm Name) (if not the same  
as the Listing Agent) is the agent of (check one): ☐ the Buyer exclusively; or ☐ the Seller exclusively; or ☒ both the Buyer and Seller.
- C. **POTENTIALLY COMPETING BUYERS AND SELLERS:** The Parties each acknowledge receipt of a ☒ "Possible Representation of More than One Buyer or Seller - Disclosure and Consent" (C.A.R. Form PRBS).

**3. FINANCE TERMS:** Buyer represents that funds will be good when deposited with Escrow Holder.

- A. **INITIAL DEPOSIT:** Deposit shall be in the amount of \$ 35,500.00  
(1) Buyer Direct Deposit: Buyer shall deliver deposit directly to Escrow Holder by electronic funds transfer, ☐ cashier's check, ☐ personal check, ☐ other \_\_\_\_\_ within 3 business days after Acceptance (or \_\_\_\_\_);  
OR (2) ☐ Buyer Deposit with Agent: Buyer has given the deposit by personal check (or \_\_\_\_\_) to the agent submitting the offer (or to \_\_\_\_\_), made payable to \_\_\_\_\_.  
The deposit shall be held uncashed until Acceptance and then deposited with Escrow Holder within 3 business days after Acceptance (or \_\_\_\_\_).  
Deposit checks given to agent shall be an original signed check and not a copy.  
(Note: Initial and increased deposit checks received by agent shall be recorded in Broker's trust fund log.)
- B. **INCREASED DEPOSIT:** Buyer shall deposit with Escrow Holder an increased deposit in the amount of \$ \_\_\_\_\_ within \_\_\_\_\_ Days After Acceptance (or \_\_\_\_\_).  
If the Parties agree to liquidated damages in this Agreement, they also agree to incorporate the increased deposit into the liquidated damages amount in a separate liquidated damages clause (C.A.R. Form RID) at the time the increased deposit is delivered to Escrow Holder.
- C. ☐ **ALL CASH OFFER:** No loan is needed to purchase the Property. This offer is NOT contingent on Buyer obtaining a loan. Written verification of sufficient funds to close this transaction IS ATTACHED to this offer or ☐ Buyer shall, within 3 (or \_\_\_\_\_) Days After Acceptance, Deliver to Seller such verification.

**D. LOAN(S):**

- (1) **FIRST LOAN:** in the amount of \$ 319,500.00  
This loan will be conventional financing or ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☐ subject to financing, ☒ Other SBA 7a. This loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or, ☐ an adjustable rate loan with initial rate not to exceed \_\_\_\_\_ %. Regardless of the type of loan, Buyer shall pay points not to exceed \_\_\_\_\_ % of the loan amount.
- (2) ☐ **SECOND LOAN** in the amount of \$ \_\_\_\_\_  
This loan will be conventional financing or ☐ Seller financing (C.A.R. Form SFA), ☐ assumed financing (C.A.R. Form AFA), ☐ subject to financing, ☐ Other \_\_\_\_\_. This loan shall be at a fixed rate not to exceed \_\_\_\_\_ % or, ☐ an adjustable rate loan with initial rate not to exceed \_\_\_\_\_ %. Regardless of the type of loan, Buyer shall pay points not to exceed \_\_\_\_\_ % of the loan amount.

**E. ADDITIONAL FINANCING TERMS:** Buyer to obtain SBA 7a Financing

- F. **BALANCE OF DOWN PAYMENT OR PURCHASE PRICE** in the amount of \$ \_\_\_\_\_ to be deposited with Escrow Holder pursuant to Escrow Holder instructions.
- G. **PURCHASE PRICE (TOTAL):** \$ 355,000.00
- H. **VERIFICATION OF DOWN PAYMENT AND CLOSING COSTS:** Buyer (or Buyer's lender or loan broker pursuant to paragraph 3J(1)) shall, within 3 (or \_\_\_\_\_) Days After Acceptance, Deliver to Seller written verification of Buyer's down payment and closing costs.  
(☒ Verification attached.)

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )

Seller's Initials ( [Signature] ) ( \_\_\_\_\_ )

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**COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 1 OF 11)**

Keller Williams Realty, 23670 Hawthorne Bl., Suite 100 Torrance, CA 90505  
Bryce Kawata

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Phone: 310.346.5999

Fax: 310.375.6860

570 Central Ave





Property Address: 570 Central Ave Ste E, Lake Elsinore, CA 92530-2741

Date: January 22, 2016

- I. **APPRAISAL CONTINGENCY AND REMOVAL:** This Agreement is (or ☐ is NOT) contingent upon a written appraisal of the Property by a licensed or certified appraiser at no less than the purchase price. Buyer shall, as specified in paragraph 14B(3), in writing, remove the appraisal contingency or cancel this Agreement within 17 (or 21) Days After Acceptance.
- J. **LOAN TERMS:**
- (1) **LOAN APPLICATIONS:** Within 3 (or ) Days After Acceptance, Buyer shall Deliver to Seller a letter from Buyer's lender or loan broker stating that, based on a review of Buyer's written application and credit report, Buyer is prequalified or preapproved for any NEW loan specified in paragraph 3D. If any loan specified in paragraph 3D is an adjustable rate loan, the prequalification or preapproval letter shall be based on the qualifying rate, not the initial loan rate. ( ☐ Letter attached.)
- (2) **LOAN CONTINGENCY:** Buyer shall act diligently and in good faith to obtain the designated loan(s). Buyer's qualification for the loan(s) specified above is a contingency of this Agreement unless otherwise agreed in writing. If there is no appraisal contingency or the appraisal contingency has been waived or removed, then failure of the Property to appraise at the purchase price does not entitle Buyer to exercise the cancellation right pursuant to the loan contingency if Buyer is otherwise qualified for the specified loan. Buyer's contractual obligations regarding deposit, balance of down payment and closing costs are not contingencies of this Agreement.
- (3) **LOAN CONTINGENCY REMOVAL:**  
Within 21 (or ) Days After Acceptance, Buyer shall, as specified in paragraph 18, in writing, remove the loan contingency or cancel this Agreement. If there is an appraisal contingency, removal of the loan contingency shall not be deemed removal of the appraisal contingency.
- (4) ☐ **NO LOAN CONTINGENCY:** Obtaining any loan specified above is NOT a contingency of this Agreement. If Buyer does not obtain the loan and as a result Buyer does not purchase the Property, Seller may be entitled to Buyer's deposit or other legal remedies.
- (5) **LENDER LIMITS ON BUYER CREDITS:** Any credit to Buyer, from any source, for closing or other costs that is agreed to by the Parties ("Contractual Credit") shall be disclosed to Buyer's lender. If the total credit allowed by Buyer's lender ("Lender Allowable Credit") is less than the Contractual Credit, then (i) the Contractual Credit shall be reduced to the Lender Allowable Credit, and (ii) in the absence of a separate written agreement between the Parties, there shall be no automatic adjustment to the purchase price to make up for the difference between the Contractual Credit and the Lender Allowable Credit.
- K. **BUYER STATED FINANCING:** Seller is relying on Buyer's representation of the type of financing specified (including but not limited to, as applicable, all cash, amount of down payment, or contingent or non-contingent loan). Seller has agreed to a specific closing date, purchase price and to sell to Buyer in reliance on Buyer's covenant concerning financing. Buyer shall pursue the financing specified in this Agreement. Seller has no obligation to cooperate with Buyer's efforts to obtain any financing other than that specified in the Agreement and the availability of any such alternate financing does not excuse Buyer from the obligation to purchase the Property and close escrow as specified in this Agreement.
4. **SALE OF BUYER'S PROPERTY:**
- A. This Agreement and Buyer's ability to obtain financing are NOT contingent upon the sale of any property owned by Buyer.
- OR B. ☐ This Agreement and Buyer's ability to obtain financing are contingent upon the sale of property owned by Buyer as specified in the attached addendum (C.A.R. Form COP).
5. **ADDENDA AND ADVISORIES:**
- A. **ADDENDA:**
- |   | Addendum #               | (C.A.R. Form ADM)                             |
|---|--------------------------|---|
| <input type="checkbox"/> Back Up Offer Addendum (C.A.R. Form BUO)                       | <input type="checkbox"/> | Court Confirmation Addendum (C.A.R. Form CCA) |
| <input type="checkbox"/> Septic, Well and Property Monument Addendum (C.A.R. Form SWPI) | <input type="checkbox"/> |   |
| <input type="checkbox"/> Short Sale Addendum (C.A.R. Form SSA)                          | <input type="checkbox"/> | Other   |
- B. **BUYER AND SELLER ADVISORIES:**
- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Buyer's Inspection Advisory (C.A.R. Form BIA) | <input checked="" type="checkbox"/>   |
| <input type="checkbox"/> Probate Advisory (C.A.R. Form PA)                        | <input type="checkbox"/> Statewide Buyer and Seller Advisory (C.A.R. Form SBSA) |
| <input type="checkbox"/> Trust Advisory (C.A.R. Form TA)                          | <input type="checkbox"/> REO Advisory (C.A.R. Form REO)                         |
| <input type="checkbox"/> Short Sale Information and Advisory (C.A.R. Form SSIA)   | <input type="checkbox"/> Other  |
6. **OTHER TERMS:** Sale Subject To Federal Bankruptcy Court Approval, Property is being sold "AS-IS", "WHERE-IS". Any lender required to be paid for by buyer.
7. **ALLOCATION OF COSTS**
- A. **INSPECTIONS, REPORTS AND CERTIFICATES:** Unless otherwise agreed, in writing, this paragraph only determines who is to pay for the inspection, test, certificate or service ("Report") mentioned; it does not determine who is to pay for any work recommended or identified in the Report.
- (1) ☐ Buyer ☐ Seller shall pay for a natural hazard zone disclosure report, including tax ☐ environmental ☐ Other: \_\_\_\_\_ prepared by \_\_\_\_\_.
- (2) ☒ Buyer ☐ Seller shall pay for the following Report Phase I inspection report if required prepared by \_\_\_\_\_.
- (3) ☒ Buyer ☐ Seller shall pay for the following Report Appraisal and property inspection report if required or desired. prepared by \_\_\_\_\_.
- B. **GOVERNMENT REQUIREMENTS AND RETROFIT:**
- (1) ☐ Buyer ☐ Seller shall pay for smoke alarm and carbon monoxide device installation and water heater bracing, if required by Law. Prior to Close Of Escrow ("COE"), Seller shall provide Buyer written statement(s) of compliance in accordance with state and local Law, unless Seller is exempt.

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )

Seller's Initials ( AB ) ( \_\_\_\_\_ )

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COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 2 OF 11)

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570 Central Ave



Property Address: **570 Central Ave Ste E, Lake Elsinore, CA 92530-2741**

Date: **January 22, 2016**

- (2) (i) ☐ Buyer ☐ Seller shall pay the cost of compliance with any other minimum mandatory government inspections and reports if required as a condition of closing escrow under any Law.  
(ii) ☐ Buyer ☐ Seller shall pay the cost of compliance with any other minimum mandatory government retrofit standards required as a condition of closing escrow under any Law, whether the work is required to be completed before or after COE.  
(iii) Buyer shall be provided, within the time specified in paragraph 18A, a copy of any required government conducted or point-of-sale inspection report prepared pursuant to this Agreement or in anticipation of this sale of the Property.

**C. ESCROW AND TITLE:**

- (1) (a) ☒ Buyer ☒ Seller shall pay escrow fee Each to pay their own.  
(b) Escrow Holder shall be Better Escrow Service  
(c) The Parties shall, within 5 (or ) Days After receipt, sign and return Escrow Holder's general provisions.  
(2) (a) ☐ Buyer ☒ Seller shall pay for owner's title insurance policy specified in paragraph 17E  
(b) Owner's title policy to be issued by Fidelity Title  
(Buyer shall pay for any title insurance policy insuring Buyer's lender, unless otherwise agreed in writing.)

**D. OTHER COSTS:**

- (1) ☐ Buyer ☒ Seller shall pay County transfer tax or fee If Applicable  
(2) ☐ Buyer ☒ Seller shall pay City transfer tax or fee If Applicable  
(3) ☐ Buyer ☐ Seller shall pay Owners' Association ("OA") transfer fee  
(4) Seller shall pay OA fees for preparing all documents required to be delivered by Civil Code §4525.  
(5) ☐ Buyer ☐ Seller shall pay OA fees for preparing all documents other than those required by Civil Code §4525.  
(6) Buyer to pay for any HOA certification fee.  
(7) ☐ Buyer ☒ Seller shall pay for any private transfer fee If Applicable  
(8) ☐ Buyer ☐ Seller shall pay for  
(9) ☐ Buyer ☐ Seller shall pay for

**8. ITEMS INCLUDED IN AND EXCLUDED FROM SALE:**

**A. NOTE TO BUYER AND SELLER:** Items listed as included or excluded in the MLS, flyers or marketing materials are **not** included in the purchase price or excluded from the sale unless specified in paragraph 8 B, C or D.

**B. ITEMS INCLUDED IN SALE:**

- (1) All EXISTING fixtures and fittings that are attached to the Property;  
(2) EXISTING electrical, mechanical, lighting, plumbing and heating fixtures, ceiling fans, fireplace inserts, gas logs and grates, solar power systems, built-in appliances, window and door screens, awnings, shutters, window coverings, attached floor coverings, television antennas, satellite dishes, air coolers/conditioners, pool/spa equipment, garage door openers/remote controls, mailbox, in-ground landscaping, trees/shrubs, water features and fountains, water softeners, water purifiers, security systems/alarms.  
(3) A complete inventory of all personal property of Seller currently used in the operation of the Property and included in the purchase price shall be delivered to Buyer within the time specified in paragraph 18A.  
(4) Seller represents that all items included in the purchase price are, unless otherwise specified or identified pursuant to 8B(7), owned by Seller. Within the time specified in paragraph 18A, Seller shall give Buyer a list of fixtures not owned by Seller.  
(5) Seller shall deliver title to the personal property by Bill of Sale, free and clear of all liens and encumbrances, and without seller warranty of condition regardless of value.  
(6) As additional security for any note in favor of Seller for any part of the purchase price, Buyer shall execute a UCC-1 Financing Statement to be filed with the Secretary of State, covering the personal property included in the purchase, replacement thereof, and insurance proceeds.  
(7) **LEASED OR LIENED ITEMS AND SYSTEMS:** Seller shall, within the time specified in paragraph 18A, (i) disclose to Buyer if any item or system specified in paragraph 8B or otherwise included in the sale is leased, or not owned by Seller, or specifically subject to a lien or other encumbrance, and (ii) Deliver to Buyer all written materials (such as lease, warranty, etc.) concerning any such item. Buyer's ability to assume any such lease, or willingness to accept the Property subject to any such lien or encumbrance, is a contingency in favor of Buyer and Seller as specified in paragraph 18B and C.

**C. ITEMS EXCLUDED FROM SALE:** Unless otherwise specified, the following items are excluded from sale:

**D. OTHER ITEMS:**

- (1) Existing integrated phone and automation systems, including necessary components such as intranet and Internet-connected hardware or devices, control units (other than non-dedicated mobile devices, electronics and computers) and applicable software, permissions, passwords, codes and access information, are (☐ are NOT) included in the sale.

**9. CLOSING AND POSSESSION:**

- A. Seller-occupied or vacant property:** Possession shall be delivered to Buyer: (i) ☒ at 6 PM or ( ☐ AM/ ☐ PM ) on the date of Close Of Escrow; (ii) ☐ no later than   calendar days After Close Of Escrow; or (iii) ☐ at   AM/   PM on  .  
**B. Seller Remaining in Possession After Close Of Escrow:** If Seller has the right to remain in possession after Close Of Escrow, (i) the Parties are advised to sign a separate occupancy agreement such as ☐ C.A.R. Form CL; and (ii) the Parties are advised to consult with their insurance and legal advisors for information about liability and damage or injury to persons and personal and real property; and (iii) Buyer is advised to consult with Buyer's lender about the impact of Seller's occupancy on Buyer's loan.  
**C. Tenant Occupied Units:** Possession and occupancy, subject to the rights of tenants under existing leases, shall be delivered to Buyer on Close Of Escrow.  
**D. At Close Of Escrow:** (i) Seller assigns to Buyer any assignable warranty rights for items included in the sale; and (ii) Seller shall Deliver to Buyer available Copies of any such warranties. Brokers cannot and will not determine the assignability of any warranties.

Buyer's Initials ( PCE ) (   )  
CPA REVISED 12/15 (PAGE 3 OF 11)

Seller's Initials (   ) (   )

**COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 3 OF 11)**

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570 Central Ave



EXHIBIT 2



Property Address: 570 Central Ave Ste E, Lake Elsinore, CA 92530-2741

Date: January 22, 2016

- E. At Close Of Escrow, unless otherwise agreed in writing, Seller shall provide keys, passwords, codes and/or means to operate all locks, mailboxes, security systems, alarms, home automation systems and intranet and Internet-connected devices included in the purchase price, and garage door openers. If the Property is a condominium or located in a common interest subdivision, Buyer may be required to pay a deposit to the Owners' Association ("OA") to obtain keys to accessible OA facilities.
10. **SECURITY DEPOSITS:** Security deposits, if any, to the extent they have not been applied by Seller in accordance with any rental agreement and current Law, shall be transferred to Buyer on Close Of Escrow. Seller shall notify each tenant, in compliance with the Civil Code.
11. **SELLER DISCLOSURES:**
- A. **NATURAL AND ENVIRONMENTAL DISCLOSURES:** Seller shall, within the time specified in paragraph 18, if required by Law: (i) Deliver to Buyer earthquake guides (and questionnaire) and environmental hazards booklet; (ii) even if exempt from the obligation to provide an NHD, disclose if the Property is located in a Special Flood Hazard Area; Potential Flooding (Inundation) Area; Very High Fire Hazard Zone; State Fire Responsibility Area; Earthquake Fault Zone; Seismic Hazard Zone; and (iii) disclose any other zone as required by Law and provide any other information required for those zones.
- B. **ADDITIONAL DISCLOSURES:** Within the time specified in paragraph 18, Seller shall Deliver to Buyer, in writing, the following disclosures, documentation and information:
- (1) **RENTAL SERVICE AGREEMENTS:** (i) All current leases, rental agreements, service contracts, and other agreements pertaining to the operation of the Property; and (ii) a rental statement including names of tenants, rental rates, period of rental, date of last rent increase, security deposits, rental concessions, rebates, or other benefits, if any, and a list of delinquent rents and their duration. Seller represents that no tenant is entitled to any concession, rebate, or other benefit, except as set forth in these documents.
- (2) **INCOME AND EXPENSE STATEMENTS:** The books and records, including a statement of income and expense for the 12 months preceding Acceptance. Seller represents that the books and records are those maintained in the ordinary and normal course of business, and used by Seller in the computation of federal and state income tax returns.
- (3) ☐ **TENANT ESTOPPEL CERTIFICATES:** (If checked) Tenant estoppel certificates (C.A.R. Form TEC) completed by Seller or Seller's agent, and signed by tenants, acknowledging: (i) that tenants' rental or lease agreements are unmodified and in full force and effect (or if modified, stating all such modifications); (ii) that no lessor defaults exist; and (iii) stating the amount of any prepaid rent or security deposit.
- (4) **SURVEYS, PLANS AND ENGINEERING DOCUMENTS:** Copies of surveys, plans, specifications and engineering documents, if any, in Seller's possession or control.
- (5) **PERMITS:** If in Seller's possession, Copies of all permits and approvals concerning the Property, obtained from any governmental entity, including, but not limited to, certificates of occupancy, conditional use permits, development plans, and licenses and permits pertaining to the operation of the Property.
- (6) **STRUCTURAL MODIFICATIONS:** Any known structural additions or alterations to, or the installation, alteration, repair or replacement of, significant components of the structure(s) upon the Property.
- (7) **GOVERNMENTAL COMPLIANCE:** Any improvements, additions, alterations or repairs made by Seller, or known to Seller to have been made, without required governmental permits, final inspections, and approvals.
- (8) **VIOLATION NOTICES:** Any notice of violations of any Law filed or issued against the Property and actually known to Seller.
- (9) **MISCELLANEOUS ITEMS:** Any of the following, if actually known to Seller: (i) any current pending lawsuit(s), investigation(s), inquiry(ies), action(s), or other proceeding(s) affecting the Property, or the right to use and occupy it; (ii) any unsatisfied mechanic's or materialman's lien(s) affecting the Property; and (iii) that any tenant of the Property is the subject of a bankruptcy.
- C. **WITHHOLDING TAXES:** Within the time specified in paragraph 18A, to avoid required withholding Seller shall Deliver to Buyer or qualified substitute, an affidavit sufficient to comply with federal (FIRPTA) and California withholding Law, (C.A.R. Form AS or QS).
- D. **NOTICE REGARDING GAS AND HAZARDOUS LIQUID TRANSMISSION PIPELINES:** This notice is being provided simply to inform you that information about the general location of gas and hazardous liquid transmission pipelines is available to the public via the National Pipeline Mapping System (NPMS) Internet Web site maintained by the United States Department of Transportation at <http://www.npms.phmsa.dot.gov/>. To seek further information about possible transmission pipelines near the Property, you may contact your local gas utility or other pipeline operators in the area. Contact information for pipeline operators is searchable by ZIP Code and county on the NPMS Internet Web site.
- E. **CONDOMINIUM/PLANNED DEVELOPMENT DISCLOSURES:**
- (1) **SELLER HAS: 7 (or \_\_\_\_ ) Days** After Acceptance to disclose to Buyer whether the Property is a condominium, or is located in a planned development or other common interest subdivision.
- (2) If the Property is a condominium or is located in a planned development or other common interest subdivision, Seller has **3 (or \_\_\_\_ ) Days** After Acceptance to request from the OA (C.A.R. Form HOA1): (i) Copies of any documents required by Law; (ii) disclosure of any pending or anticipated claim or litigation by or against the OA; (iii) a statement containing the location and number of designated parking and storage spaces; (iv) Copies of the most recent 12 months of OA minutes for regular and special meetings; and (v) the names and contact information of all OAs governing the Property (collectively, "CI Disclosures"). Seller shall itemize and Deliver to Buyer all CI Disclosures received from the OA and any CI Disclosures in Seller's possession. Buyer's approval of CI Disclosures is a contingency of this Agreement as specified in paragraph 18B(3). The Party specified in paragraph 7, as directed by escrow, shall deposit funds into escrow or direct to OA or management company to pay for any of the above.

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )

Seller's Initials ( SP ) ( \_\_\_\_\_ )

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COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 4 OF 11)

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570 Central Ave





Property Address: **570 Central Ave Ste E, Lake Elsinore, CA 92530-2741**

Date: **January 22, 2016**

12. ☐ **ENVIRONMENTAL SURVEY** (If checked): Within \_\_\_\_\_ Days After Acceptance, Buyer shall be provided a phase one environmental survey report paid for and obtained by ☐ Buyer ☐ Seller. Buyer shall then, as specified in paragraph 18, remove this contingency or cancel this Agreement.
13. **SUBSEQUENT DISCLOSURES:** In the event Seller, prior to Close Of Escrow, becomes aware of adverse conditions materially affecting the Property, or any material inaccuracy in disclosures, information or representations previously provided to Buyer of which Buyer is otherwise unaware, Seller shall promptly Deliver a subsequent or amended disclosure or notice in writing, covering those items. **However, a subsequent or amended disclosure shall not be required for conditions and material inaccuracies disclosed in reports ordered and paid for by Buyer.**
14. **CHANGES DURING ESCROW:**
- A. Prior to Close Of Escrow, Seller may only engage in the following acts, ("Proposed Changes"), subject to Buyer's rights in paragraph 14B: (i) rent or lease any vacant unit or other part of the premises; (ii) alter, modify, or extend any existing rental or lease agreement; (iii) enter into, alter, modify or extend any service contract(s); or (iv) change the status of the condition of the Property.
- B. (1) **7 (or ☐ ) Days** prior to any Proposed Changes, Seller shall Deliver written notice to Buyer of any Proposed Changes.  
(2) **Within 5 (or ☐ ) Days** After receipt of such notice, Buyer, in writing, may give Seller notice of Buyer's objection to the Proposed Changes in which case Seller shall not make the Proposed Changes.
15. **CONDITION OF PROPERTY:** Unless otherwise agreed in writing: (i) the Property is sold (a) "AS-IS" in its PRESENT physical condition as of the date of Acceptance and (b) subject to Buyer's Investigation rights; (ii) the Property, including pool, spa, landscaping and grounds, is to be maintained in substantially the same condition as on the date of Acceptance; and (iii) all debris and personal property not included in the sale shall be removed by Close Of Escrow.
- A. Seller shall, within the time specified in paragraph 18A, DISCLOSE KNOWN MATERIAL FACTS AND DEFECTS affecting the Property, including known insurance claims within the past five years, and make any and all other disclosures required by law.
- B. Buyer has the right to conduct Buyer Investigations of the property and, as specified in paragraph 18B, based upon information discovered in those investigations: (i) cancel this Agreement; or (ii) request that Seller make Repairs or take other action.
- C. **Buyer is strongly advised to conduct investigations of the entire Property in order to determine its present condition. Seller may not be aware of all defects affecting the Property or other factors that Buyer considers important. Property improvements may not be built according to code, in compliance with current Law, or have had permits issued.**
16. **BUYER'S INVESTIGATION OF PROPERTY AND MATTERS AFFECTING PROPERTY:**
- A. Buyer's acceptance of the condition of, and any other matter affecting the Property, is a contingency of this Agreement as specified in this paragraph and paragraph 18B. Within the time specified in paragraph 18B(1), Buyer shall have the right, at Buyer's expense unless otherwise agreed, to conduct inspections, investigations, tests, surveys and other studies ("Buyer Investigations"), including, but not limited to, the right to: (i) inspect for lead-based paint and other lead-based paint hazards; (ii) inspect for wood destroying pests and organisms. Any inspection for wood destroying pests and organisms shall be prepared by a registered Structural Pest Control company; shall cover the main building and attached structures; may cover detached structures; shall NOT include water tests of shower pans on upper level units unless the owners of property below the shower consent; shall NOT include roof coverings; and, if the Property is a unit in a condominium or other common interest subdivision, the inspection shall include only the separate interest and any exclusive-use areas being transferred, and shall NOT include common areas; and shall include a report ("Pest Control Report") showing the findings of the company which shall be separated into sections for evident infestation or infections (Section 1) and for conditions likely to lead to infestation or infection (Section 2); (iii) review the registered sex offender database; (iv) confirm the insurability of Buyer and the Property including the availability and cost of flood and fire insurance; (v) review and seek approval of leases that may need to be assumed by Buyer; and (vi) satisfy Buyer as to any matter specified in the attached Buyer's Inspection Advisory (C.A.R. Form BIA). Without Seller's prior written consent, Buyer shall neither make nor cause to be made: (i) invasive or destructive Buyer Investigations except for minimally invasive testing required to prepare a Pest Control Report; or (ii) inspections by any governmental building or zoning inspector or government employee, unless required by Law.
- B. Seller shall make the Property available for all Buyer Investigations. Buyer shall (i) as specified in paragraph 18B, complete Buyer Investigations and either remove the contingency or cancel this Agreement, and (ii) give Seller, at no cost, complete Copies of all such Investigation reports obtained by Buyer, which obligation shall survive the termination of this Agreement.
- C. Seller shall have water, gas, electricity and all operable pilot lights on for Buyer's Investigations and through the date possession is made available to Buyer.
- D. **Buyer indemnity and seller protection for entry upon property:** Buyer shall: (i) keep the Property free and clear of liens; (ii) repair all damage arising from Buyer Investigations; and (iii) indemnify and hold Seller harmless from all resulting liability, claims, demands, damages and costs. Buyer shall carry, or Buyer shall require anyone acting on Buyer's behalf to carry, policies of liability, workers' compensation and other applicable insurance, defending and protecting Seller from liability for any injuries to persons or property occurring during any Buyer Investigations or work done on the Property at Buyer's direction prior to Close Of Escrow. Seller is advised that certain protections may be afforded Seller by recording a "Notice of Non-Responsibility" (C.A.R. Form NNR) for Buyer Investigations and work done on the Property at Buyer's direction. Buyer's obligations under this paragraph shall survive the termination of this Agreement.
17. **TITLE AND VESTING:**
- A. Within the time specified in paragraph 18, Buyer shall be provided a current preliminary title report ("Preliminary Report"). The Preliminary Report is only an offer by the title insurer to issue a policy of title insurance and may not contain every item affecting title. Buyer's review of the Preliminary Report and any other matters which may affect title are a contingency of this Agreement as specified in paragraph 18B. The company providing the Preliminary Report shall, prior to issuing a Preliminary Report, conduct a search of the General Index for all Sellers except banks or other institutional lenders selling properties they acquired through foreclosure (REOs), corporations, and government entities. Seller shall within 7 Days After Acceptance, give Escrow Holder a completed Statement of Information.
- B. Title is taken in its present condition subject to all encumbrances, easements, covenants, conditions, restrictions, rights and other matters, whether of record or not, as of the date of Acceptance except for: (i) monetary liens of record (which Seller is obligated to pay off) unless Buyer is assuming those obligations or taking the Property subject to those obligations; and (ii) those matters which Seller has agreed to remove in writing.
- C. Within the time specified in paragraph 18A, Seller has a duty to disclose to Buyer all matters known to Seller affecting title, whether of record or not.

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )  
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Seller's Initials ( [Signature] ) ( \_\_\_\_\_ )





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- D. At Close Of Escrow, Buyer shall receive a grant deed conveying title (or, for stock cooperative or long-term lease, an assignment of stock certificate or of Seller's leasehold interest), including oil, mineral and water rights if currently owned by Seller. Title shall vest as designated in Buyer's supplemental escrow instructions. THE MANNER OF TAKING TITLE MAY HAVE SIGNIFICANT LEGAL AND TAX CONSEQUENCES. CONSULT AN APPROPRIATE PROFESSIONAL.
- E. Buyer shall receive a standard coverage owners CLTA policy of title insurance. An ALTA policy or the addition of endorsements may provide greater coverage for Buyer. A title company, at Buyer's request, can provide information about the availability, desirability, coverage, and cost of various title insurance coverages and endorsements. If Buyer desires title coverage other than that required by this paragraph, Buyer shall instruct Escrow Holder in writing and shall pay any increase in cost.
- 18. TIME PERIODS; REMOVAL OF CONTINGENCIES; CANCELLATION RIGHTS:** The following time periods may only be extended, altered, modified or changed by mutual written agreement. Any removal of contingencies or cancellation under this paragraph by either Buyer or Seller must be exercised in good faith and in writing (C.A.R. Form CR or CC).
- A. **SELLER HAS: 7 (or \_\_\_\_ ) Days** After Acceptance to Deliver to Buyer all Reports, disclosures and information for which Seller is responsible under paragraphs 5A, 6, 7, 8B(7), 11A, B, C, D and F, 12, 15A and 17A. Buyer after first Delivering to Seller a Notice to Seller to Perform (C.A.R. Form NSP) may cancel this Agreement if Seller has not Delivered the items within the time specified.
- B. (1) **BUYER HAS: 17 (or 21 ) Days** After Acceptance, unless otherwise agreed in writing, to:
- (i) complete all Buyer Investigations; review all disclosures, reports, lease documents to be assumed by Buyer pursuant to paragraph 8B(7) and other applicable information, which Buyer receives from Seller; and approve all matters affecting the Property.
  - (2) Within the time specified in paragraph 18B(1), Buyer may request that Seller make repairs or take any other action regarding the Property (C.A.R. Form RR). Seller has no obligation to agree to or respond to (C.A.R. Form RRRR) Buyer's requests.
  - (3) By the end of the time specified in paragraph 18B(1) (or as otherwise specified in this Agreement), Buyer shall Deliver to Seller a removal of the applicable contingency or cancellation (C.A.R. Form CR or CC) of this Agreement. However, if any report, disclosure or information for which Seller is responsible is not Delivered within the time specified in paragraph 18A, then Buyer has **5 (or \_\_\_\_ ) Days** After Delivery of any such items, or the time specified in paragraph 18B(1), whichever is later, to Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement.
  - (4) **Continuation of Contingency:** Even after the end of the time specified in paragraph 18B(1) and before Seller cancels, if at all, pursuant to paragraph 18C, Buyer retains the right, in writing, to either (i) remove remaining contingencies, or (ii) cancel this Agreement based on a remaining contingency. Once Buyer's written removal of all contingencies is Delivered to Seller, Seller may not cancel this Agreement pursuant to paragraph 18C(1).
- C. **SELLER RIGHT TO CANCEL:**
- (1) **Seller right to Cancel; Buyer Contingencies:** If, by the time specified in this Agreement, Buyer does not Deliver to Seller a removal of the applicable contingency or cancellation of this Agreement, then Seller, after first Delivering to Buyer a Notice to Buyer to Perform (C.A.R. Form NBP), may cancel this Agreement. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
  - (2) **Seller right to Cancel; Buyer Contract Obligations:** Seller, after first delivering to Buyer a NBP, may cancel this Agreement if, by the time specified in this Agreement, Buyer does not take the following action(s): (i) Deposit funds as required by paragraph 3A or 3B or if the funds deposited pursuant to paragraph 3A or 3B are not good when deposited; (ii) Deliver a letter as required by paragraph 3J(1); (iii) Deliver verification as required by paragraph 3C or 3H or if Seller reasonably disapproves of the verification provided by paragraph 3C or 3H; or (iv) In writing assume or accept leases or liens specified in 8B(7); (v) Sign or initial a separate liquidated damages form for an increased deposit as required by paragraphs 3B and 25B; or (vi) Provide evidence of authority to sign in a representative capacity as specified in paragraph 23. In such event, Seller shall authorize the return of Buyer's deposit, except for fees incurred by Buyer.
- D. **NOTICE TO BUYER OR SELLER TO PERFORM:** The NBP or NSP shall: (i) be in writing; (ii) be signed by the applicable Buyer or Seller; and (iii) give the other Party at least **2 (or \_\_\_\_ ) Days** After Delivery (or until the time specified in the applicable paragraph, whichever occurs last) to take the applicable action. A NBP or NSP may not be Delivered any earlier than **2 Days** Prior to the expiration of the applicable time for the other Party to remove a contingency or cancel this Agreement or meet an obligation specified in paragraph 18.
- E. **EFFECT OF BUYER'S REMOVAL OF CONTINGENCIES:** If Buyer removes, in writing, any contingency or cancellation rights, unless otherwise specified in writing, Buyer shall conclusively be deemed to have: (i) completed all Buyer Investigations, and review of reports and other applicable information and disclosures pertaining to that contingency or cancellation right; (ii) elected to proceed with the transaction; and (iii) assumed all liability, responsibility and expense for Repairs or corrections pertaining to that contingency or cancellation right, or for the inability to obtain financing.
- F. **CLOSE OF ESCROW:** Before Buyer or Seller may cancel this Agreement for failure of the other Party to close escrow pursuant to this Agreement, Buyer or Seller must first Deliver to the other Party a demand to close escrow (C.A.R. Form DCE). The DCE shall: (i) be signed by the applicable Buyer or Seller; and (ii) give the other Party at least **3 (or \_\_\_\_ ) Days** After Delivery to close escrow. A DCE may not be Delivered any earlier than **3 Days** Prior to the scheduled close of escrow.
- G. **EFFECT OF CANCELLATION ON DEPOSITS:** If Buyer or Seller gives written notice of cancellation pursuant to rights duly exercised under the terms of this Agreement, the Parties agree to Sign mutual instructions to cancel the sale and escrow and release deposits, if any, to the party entitled to the funds, less fees and costs incurred by that party. Fees and costs may be payable to service providers and vendors for services and products provided during escrow. Except as specified below, **release of funds will require mutual Signed release instructions from the Parties, judicial decision or arbitration award.** If either Party fails to execute mutual instructions to cancel escrow, one Party may make a written demand to Escrow Holder for the deposit (C.A.R. Form BDRD or SDRD). Escrow Holder, upon receipt, shall promptly deliver notice of the demand to the other Party. If, within **10 Days** After Escrow Holder's notice, the other Party does not object to the demand, Escrow Holder shall disburse the deposit to the Party making the demand. If Escrow Holder complies with the preceding process, each Party shall be deemed to have released Escrow Holder from any and all claims or liability related to the disbursement of the deposit. Escrow Holder, at its discretion, may nonetheless require mutual cancellation instructions. **A Party may be subject to a civil penalty of up to \$1,000 for refusal to sign cancellation instructions if no good faith dispute exists as to who is entitled to the deposited funds (Civil Code §1057.3).**

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )  
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Seller's Initials ( AB ) ( \_\_\_\_\_ )

**COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 6 OF 11)**

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570 Central Ave





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Date: **January 22, 2016**

- 19. REPAIRS:** Repairs shall be completed prior to final verification of condition unless otherwise agreed in writing. Repairs to be performed at Seller's expense may be performed by Seller or through others, provided that the work complies with applicable Law, including governmental permit, inspection and approval requirements. Repairs shall be performed in a good, skillful manner with materials of quality and appearance comparable to existing materials. It is understood that exact restoration of appearance or cosmetic items following all Repairs may not be possible. Seller shall: (i) obtain invoices and paid receipts for Repairs performed by others; (ii) prepare a written statement indicating the Repairs performed by Seller and the date of such Repairs; and (iii) provide Copies of invoices and paid receipts and statements to Buyer prior to final verification of condition.
- 20. FINAL VERIFICATION OF CONDITION:** Buyer shall have the right to make a final verification of the Property within **5 (or \_\_) Days** Prior to Close Of Escrow, NOT AS A CONTINGENCY OF THE SALE, but solely to confirm: (i) the Property is maintained pursuant to paragraph 15; (ii) Repairs have been completed as agreed; and (iii) Seller has complied with Seller's other obligations under this Agreement (C.A.R. Form VP).
- 21. PRORATIONS OF PROPERTY TAXES AND OTHER ITEMS:** Unless otherwise agreed in writing, the following items shall be PAID CURRENT and prorated between Buyer and Seller as of Close Of Escrow: real property taxes and assessments, interest, rents, OA regular, special, and emergency dues and assessments imposed prior to Close Of Escrow, premiums on insurance assumed by Buyer, payments on bonds and assessments assumed by Buyer, and payments on Mello-Roos and other Special Assessment District bonds and assessments that are now a lien. The following items shall be assumed by Buyer WITHOUT CREDIT toward the purchase price: prorated payments on Mello-Roos and other Special Assessment District bonds and assessments and HOA special assessments that are now a lien but not yet due. Property will be reassessed upon change of ownership. Any supplemental tax bills shall be paid as follows: (i) for periods after Close Of Escrow, by Buyer; and (ii) for periods prior to Close Of Escrow, by Seller (see C.A.R. Form SPT or SBSA for further information). TAX BILLS ISSUED AFTER CLOSE OF ESCROW SHALL BE HANDLED DIRECTLY BETWEEN BUYER AND SELLER. Prorations shall be made based on a 30-day month.
- 22. BROKERS:**
- A. COMPENSATION:** Seller or Buyer, or both, as applicable, agrees to pay compensation to Broker as specified in a separate written agreement between Broker and that Seller or Buyer. Compensation is payable upon Close Of Escrow, or if escrow does not close, as otherwise specified in the agreement between Broker and that Seller or Buyer.
- B. BROKERAGE:** Neither Buyer nor Seller has utilized the services of, or for any other reason owes compensation to, a licensed real estate broker (individual or corporate), agent, finder, or other entity, other than as specified in this Agreement, in connection with any act relating to the Property, including, but not limited to, inquiries, introductions, consultations and negotiations leading to this Agreement. Buyer and Seller each agree to indemnify, defend, and hold the other, the Brokers specified herein and their agents, harmless from and against any costs, expenses or liability for compensation claimed inconsistent with the warranty and representations in this paragraph.
- C. SCOPE OF DUTY:** Buyer and Seller acknowledge and agree that Broker: (i) Does not decide what price Buyer should pay or Seller should accept; (ii) Does not guarantee the condition of the Property; (iii) Does not guarantee the performance, adequacy or completeness of inspections, services, products or repairs provided or made by Seller or others; (iv) Does not have an obligation to conduct an inspection of common areas or areas off the site of the Property; (v) Shall not be responsible for identifying defects on the Property, in common areas, or offsite unless such defects are visually observable by an inspection of reasonably accessible areas of the Property or are known to Broker; (vi) Shall not be responsible for inspecting public records or permits concerning the title or use of Property; (vii) Shall not be responsible for identifying the location of boundary lines or other items affecting title; (viii) Shall not be responsible for verifying square footage, representations of others or information contained in Investigation reports, Multiple Listing Service, advertisements, flyers or other promotional material; (ix) Shall not be responsible for determining the fair market value of the Property or any personal property included in the sale; (x) Shall not be responsible for providing legal or tax advice regarding any aspect of a transaction entered into by Buyer or Seller; and (xi) Shall not be responsible for providing other advice or information that exceeds the knowledge, education and experience required to perform real estate licensed activity. Buyer and Seller agree to seek legal, tax, insurance, title and other desired assistance from appropriate professionals.
- 23. REPRESENTATIVE CAPACITY:** If one or more Parties is signing the Agreement in a representative capacity and not for him/herself as an individual then that Party shall so indicate in paragraph 40 or 41 and attach a Representative Capacity Signature Disclosure (C.A.R. Form RCSD). Wherever the signature or initials of the representative identified in the RCSD appear on the Agreement or any related documents, it shall be deemed to be in a representative capacity for the entity described and not in an individual capacity, unless otherwise indicated. The Party acting in a representative capacity (i) represents that the entity for which that party is acting already exists and (ii) shall Deliver to the other Party and Escrow Holder, within **3 Days** After Acceptance, evidence of authority to act in that capacity (such as but not limited to: applicable portion of the trust or Certification Of Trust (Probate Code 18100.5), letters testamentary, court order, power of attorney, corporate resolution, or formation documents of the business entity).
- 24. JOINT ESCROW INSTRUCTIONS TO ESCROW HOLDER:**
- A. The following paragraphs, or applicable portions thereof, of this Agreement constitute the joint escrow instructions of Buyer and Seller to Escrow Holder,** which Escrow Holder is to use along with any related counter offers and addenda, and any additional mutual instructions to close the escrow: paragraphs 1, 3, 4B, 5A, 6, 7, 10, 11D, 17, 18G, 21, 22A, 23, 24, 30, 38, 39, 41, 42 and paragraph D of the section titled Real Estate Brokers on page 11. If a Copy of the separate compensation agreement(s) provided for in paragraph 22A, or paragraph D of the section titled Real Estate Brokers on page 11 is deposited with Escrow Holder by Broker, Escrow Holder shall accept such agreement(s) and pay out from Buyer's or Seller's funds, or both, as applicable, the Broker's compensation provided for in such agreement(s). The terms and conditions of this Agreement not set forth in the specified paragraphs are additional matters for the information of Escrow Holder, but about which Escrow Holder need not be concerned. Buyer and Seller will receive Escrow Holder's general provisions, if any, directly from Escrow Holder and will execute such provisions within the time specified in paragraph 7C(1)(c). To the extent the general provisions are inconsistent or conflict with this Agreement, the general provisions will control as to the duties and obligations of Escrow Holder only. Buyer and Seller will execute additional instructions, documents and forms provided by Escrow Holder that are reasonably necessary to close the escrow and, as directed by Escrow Holder, within **3 (or \_\_) Days**, shall pay to Escrow Holder or HOA or HOA management company or others any fee required by paragraphs 7, 11 or elsewhere in this Agreement.

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )  
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Seller's Initials ( SP ) ( \_\_\_\_\_ )

**COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 7 OF 11)**

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570 Central Ave



EXHIBIT 2



Property Address: **570 Central Ave Ste E, Lake Elsinore, CA 92530-2741**

Date: **January 22, 2016**

- B. A Copy of this Agreement including any counter offer(s) and addenda shall be delivered to Escrow Holder within **3 Days** After Acceptance (or \_\_\_\_\_). Buyer and Seller authorize Escrow Holder to accept and rely on Copies and Signatures as defined in this Agreement as originals, to open escrow and for other purposes of escrow. The validity of this Agreement as between Buyer and Seller is not affected by whether or when Escrow Holder Signs this Agreement. Escrow Holder shall provide Seller's Statement of Information to Title company when received from Seller. If Seller delivers an affidavit to Escrow Holder to satisfy Seller's FIRPTA obligation under paragraph 10C, Escrow Holder shall deliver to Buyer a Qualified Substitute statement that complies with federal Law.
- C. Brokers are a party to the escrow for the sole purpose of compensation pursuant to paragraph 22A and paragraph D of the section titled Real Estate Brokers on page 11. Buyer and Seller irrevocably assign to Brokers compensation specified in paragraph 22A, and irrevocably instruct Escrow Holder to disburse those funds to Brokers at Close Of Escrow or pursuant to any other mutually executed cancellation agreement. Compensation instructions can be amended or revoked only with the written consent of Brokers. Buyer and Seller shall release and hold harmless Escrow Holder from any liability resulting from Escrow Holder's payment to Broker(s) of compensation pursuant to this Agreement.
- D. Upon receipt, Escrow Holder shall provide Seller and Seller's Broker verification of Buyer's deposit of funds pursuant to paragraph 3A and 3B. Once Escrow Holder becomes aware of any of the following, Escrow Holder shall immediately notify all Brokers: (i) if Buyer's initial or any additional deposit is not made pursuant to this Agreement, or is not good at time of deposit with Escrow Holder; or (ii) if Buyer and Seller instruct Escrow Holder to cancel escrow.
- E. A Copy of any amendment that affects any paragraph of this Agreement for which Escrow Holder is responsible shall be delivered to Escrow Holder within **3 Days** after mutual execution of the amendment.

**25. REMEDIES FOR BUYER'S BREACH OF CONTRACT:**

- A. Any clause added by the Parties specifying a remedy (such as release or forfeiture of deposit or making a deposit non-refundable) for failure of Buyer to complete the purchase in violation of this Agreement shall be deemed invalid unless the clause independently satisfies the statutory liquidated damages requirements set forth in the Civil Code.
- B. **LIQUIDATED DAMAGES:** If Buyer fails to complete this purchase because of Buyer's default, Seller shall retain, as liquidated damages, the deposit actually paid. Buyer and Seller agree that this amount is a reasonable sum given that it is impractical or extremely difficult to establish the amount of damages that would actually be suffered by Seller in the event Buyer were to breach this Agreement. Release of funds will require mutual, Signed release instructions from both Buyer and Seller, judicial decision or arbitration award. **AT TIME OF ANY INCREASED DEPOSIT BUYER AND SELLER SHALL SIGN A SEPARATE LIQUIDATED DAMAGES PROVISION INCORPORATING THE INCREASED DEPOSIT AS LIQUIDATED DAMAGES (C.A.R.FORM RID).**

Buyer's Initials PCE / \_\_\_\_\_

Seller's Initials SP / \_\_\_\_\_

**26. DISPUTE RESOLUTION:**

- A. **MEDIATION:** The Parties agree to mediate any dispute or claim arising between them out of this Agreement, or any resulting transaction, before resorting to arbitration or court action through the C.A.R. Consumer Mediation Center ([www.consumermediation.org](http://www.consumermediation.org)) or through any other mediation provider or service mutually agreed to by the Parties. The Parties also agree to mediate any disputes or claims with Broker(s), who, in writing, agree to such mediation prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. Mediation fees, if any, shall be divided equally among the Parties involved. If, for any dispute or claim to which this paragraph applies, any Party (i) commences an action without first attempting to resolve the matter through mediation, or (ii) before commencement of an action, refuses to mediate after a request has been made, then that Party shall not be entitled to recover attorney fees, even if they would otherwise be available to that Party in any such action. **THIS MEDIATION PROVISION APPLIES WHETHER OR NOT THE ARBITRATION PROVISION IS INITIALED. Exclusions from this mediation agreement are specified in paragraph 26C.**
- B. **ARBITRATION OF DISPUTES:** The Parties agree that any dispute or claim in Law or equity arising between them out of this Agreement or any resulting transaction, which is not settled through mediation, shall be decided by neutral, binding arbitration. The Parties also agree to arbitrate any disputes or claims with Broker(s), who, in writing, agree to such arbitration prior to, or within a reasonable time after, the dispute or claim is presented to the Broker. The arbitrator shall be a retired judge or justice, or an attorney with at least 5 years of transactional real estate Law experience, unless the parties mutually agree to a different arbitrator. The Parties shall have the right to discovery in accordance with Code of Civil Procedure §1283.05. In all other respects, the arbitration shall be conducted in accordance with Title 9 of Part 3 of the Code of Civil Procedure. Judgment upon the award of the arbitrator(s) may be entered into any court having jurisdiction. Enforcement of this agreement to arbitrate shall be governed by the Federal Arbitration Act. Exclusions from this arbitration agreement are specified in paragraph 26C.

**"NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."**

**"WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION."**

Buyer's Initials PCE / \_\_\_\_\_

Seller's Initials SP / \_\_\_\_\_

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )  
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Seller's Initials ( SP ) ( \_\_\_\_\_ )

**COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 8 OF 11)**

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570 Central Ave



Property Address: 570 Central Ave Ste E, Lake Elsinore, CA 92530-2741

Date: January 22, 2016

**C. ADDITIONAL MEDIATION AND ARBITRATION TERMS:**

- (1) **EXCLUSIONS:** The following matters are excluded from mediation and arbitration: (i) a judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage or installment land sale contract as defined in Civil Code §2985; (ii) an unlawful detainer action; and (iii) any matter that is within the jurisdiction of a probate, small claims or bankruptcy court.
  - (2) **PRESERVATION OF ACTIONS:** The following shall not constitute a waiver nor violation of the mediation and arbitration provisions: (i) the filing of a court action to preserve a statute of limitations; (ii) the filing of a court action to enable the recording of a notice of pending action, for order of attachment, receivership, injunction, or other provisional remedies; or (iii) the filing of a mechanic's lien.
  - (3) **BROKERS:** Brokers shall not be obligated nor compelled to mediate or arbitrate unless they agree to do so in writing. Any Broker(s) participating in mediation or arbitration shall not be deemed a party to the Agreement.
- 27. SELECTION OF SERVICE PROVIDERS:** Brokers do not guarantee the performance of any vendors, service or product providers ("Providers"), whether referred by Broker or selected by Buyer, Seller or other person. Buyer and Seller may select ANY Providers of their own choosing.
- 28. MULTIPLE LISTING SERVICE/PROPERTY DATA SYSTEM:** If Broker is a participant of a Multiple Listing Service ("MLS") or Property Data System ("PDS"), Broker is authorized to report to the MLS or PDS a pending sale and, upon Close Of Escrow, the terms of this transaction to be published and disseminated to persons and entities authorized to use the information on terms approved by the MLS or PDS.
- 29. ATTORNEY FEES:** In any action, proceeding, or arbitration between Buyer and Seller arising out of this Agreement, the prevailing Buyer or Seller shall be entitled to reasonable attorneys fees and costs from the non-prevailing Buyer or Seller, except as provided in paragraph 26A.
- 30. ASSIGNMENT:** Buyer shall not assign all or any part of Buyer's interest in this Agreement without first having obtained the written consent of Seller. Such consent shall not be unreasonably withheld unless otherwise agreed in writing. Any total or partial assignment shall not relieve Buyer of Buyer's obligations pursuant to this Agreement unless otherwise agreed in writing by Seller (C.A.R. Form AOA).
- 31. SUCCESSORS AND ASSIGNS:** This Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and assigns, except as otherwise provided herein.
- 32. ENVIRONMENTAL HAZARD CONSULTATION:** Buyer and Seller acknowledge: (i) Federal, state, and local legislation impose liability upon existing and former owners and users of real property, in applicable situations, for certain legislatively defined, environmentally hazardous substances; (ii) Broker(s) has/have made no representation concerning the applicability of any such Law to this transaction or to Buyer or to Seller, except as otherwise indicated in this Agreement; (iii) Broker(s) has/have made no representation concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property; and (iv) Buyer and Seller are each advised to consult with technical and legal experts concerning the existence, testing, discovery, location and evaluation of/for, and risks posed by, environmentally hazardous substances, if any, located on or potentially affecting the Property.
- 33. AMERICANS WITH DISABILITIES ACT:** The Americans With Disabilities Act ("ADA") prohibits discrimination against individuals with disabilities. The ADA affects almost all commercial facilities and public accommodations. The ADA can require, among other things, that buildings be made readily accessible to the disabled. Different requirements apply to new construction, alterations to existing buildings, and removal of barriers in existing buildings. Compliance with the ADA may require significant costs. Monetary and injunctive remedies may be incurred if the Property is not in compliance. A real estate broker does not have the technical expertise to determine whether a building is in compliance with ADA requirements, or to advise a principal on those requirements. Buyer and Seller are advised to contact an attorney, contractor, architect, engineer or other qualified professional of Buyer's or Seller's own choosing to determine to what degree, if any, the ADA impacts that principal or this transaction.
- 34. COPIES:** Seller and Buyer each represent that Copies of all reports, documents, certificates, approvals and other documents that are furnished to the other are true, correct and unaltered Copies of the original documents, if the originals are in the possession of the furnishing party.
- 35. EQUAL HOUSING OPPORTUNITY:** The Property is sold in compliance with federal, state and local anti-discrimination Laws.
- 36. GOVERNING LAW:** This Agreement shall be governed by the Laws of the state of California.
- 37. TERMS AND CONDITIONS OF OFFER:** This is an offer to purchase the Property on the above terms and conditions. The liquidated damages paragraph or the arbitration of disputes paragraph is incorporated in this Agreement if initialed by all Parties or if incorporated by mutual agreement in a counter offer or addendum. If at least one but not all Parties initial, a counter offer is required until agreement is reached. Seller has the right to continue to offer the Property for sale and to accept any other offer at any time prior to notification of Acceptance. Buyer has read and acknowledges receipt of a Copy of the offer and agrees to the confirmation of agency relationships. If this offer is accepted and Buyer subsequently defaults, Buyer may be responsible for payment of Brokers' compensation. This Agreement and any supplement, addendum or modification, including any Copy, may be Signed in two or more counterparts, all of which shall constitute one and the same writing.
- 38. TIME OF ESSENCE; ENTIRE CONTRACT; CHANGES:** Time is of the essence. All understandings between the Parties are incorporated in this Agreement. Its terms are intended by the Parties as a final, complete and exclusive expression of their Agreement with respect to its subject matter, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. If any provision of this Agreement is held to be ineffective or invalid, the remaining provisions will nevertheless be given full force and effect. Except as otherwise specified, this Agreement shall be interpreted and disputes shall be resolved in accordance with the Laws of the State of California. **Neither this Agreement nor any provision in it may be extended, amended, modified, altered or changed, except in writing Signed by Buyer and Seller.**
- 39. DEFINITIONS:** As used in this Agreement:
- A. **"Acceptance"** means the time the offer or final counter offer is accepted in writing by a Party and is delivered to and personally received by the other Party or that Party's authorized agent in accordance with the terms of this offer or a final counter offer.
  - B. **"Agreement"** means this document and any counter offers and any incorporated addenda, collectively forming the binding agreement between the Parties. Addenda are incorporated only when Signed by all Parties.

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )  
CPA REVISED 12/15 (PAGE 9 OF 11)

Seller's Initials ( AB ) ( \_\_\_\_\_ )

**COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 9 OF 11)**

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570 Central Ave



Property Address: 570 Central Ave Ste E, Lake Elsinore, CA 92530-2741

Date: January 22, 2016

- C. "C.A.R. Form" means the most current version of the specific form referenced or another comparable form agreed to by the parties.
- D. "Close Of Escrow" or "COE" means the date the grant deed, or other evidence of transfer of title, is recorded.
- E. "Copy" means copy by any means including photocopy, NCR, facsimile and electronic.
- F. "Days" means calendar days. However, after Acceptance, the last Day for performance of any act required by this Agreement (including Close Of Escrow) shall not include any Saturday, Sunday, or legal holiday and shall instead be the next Day.
- G. "Days After" means the specified number of calendar days after the occurrence of the event specified, not counting the calendar date on which the specified event occurs, and ending at 11:59 PM on the final day.
- H. "Days Prior" means the specified number of calendar days before the occurrence of the event specified, not counting the calendar date on which the specified event is scheduled to occur.
- I. "Deliver", "Delivered" or "Delivery", unless otherwise specified in writing, means and shall be effective upon: personal receipt by Buyer or Seller or the individual Real Estate Licensee for that principal as specified in the section titled Real Estate Brokers on page 11, regardless of the method used (i.e., messenger, mail, email, fax, other).
- J. "Electronic Copy" or "Electronic Signature" means, as applicable, an electronic copy or signature complying with California Law. Buyer and Seller agree that electronic means will not be used by either Party to modify or alter the content or integrity of this Agreement without the knowledge and consent of the other Party.
- K. "Law" means any law, code, statute, ordinance, regulation, rule or order, which is adopted by a controlling city, county, state or federal legislative, judicial or executive body or agency.
- L. "Repairs" means any repairs (including pest control), alterations, replacements, modifications or retrofitting of the Property provided for under this Agreement.
- M. "Signed" means either a handwritten or electronic signature on an original document, Copy or any counterpart.
40. **AUTHORITY:** Any person or persons signing this Agreement represent(s) that such person has full power and authority to bind that person's principal, and that the designated Buyer and Seller has full authority to enter into and perform this Agreement. Entering into this Agreement, and the completion of the obligations pursuant to this contract, does not violate any Articles of Incorporation, Articles of Organization, By Laws, Operating Agreement, Partnership Agreement or other document governing the activity of either Buyer or Seller.
41. **EXPIRATION OF OFFER:** This offer shall be deemed revoked and the deposit, if any, shall be returned to Buyer unless the offer is Signed by Seller and a Copy of the Signed offer is personally received by Buyer, or by \_\_\_\_\_ who is authorized to receive it, by 5:00 PM on the third Day after this offer is signed by Buyer (or by ☐ \_\_\_\_\_ ☐ AM/ ☐ PM, on \_\_\_\_\_ (date)).

☒ One or more Buyers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-B) for additional terms.

Date \_\_\_\_\_ BUYER Pro Circuit Electric, Inc.

01/22/2016 17:09:43

(Print name) Pro Circuit Electric, Inc.

Date \_\_\_\_\_ BUYER \_\_\_\_\_

(Print name) \_\_\_\_\_

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

42. **ACCEPTANCE OF OFFER:** Seller warrants that Seller is the owner of the Property, or has the authority to execute this Agreement. Seller accepts the above offer and agrees to sell the Property on the above terms and conditions, and agrees to the above confirmation of agency relationships. Seller has read and acknowledges receipt of a Copy of this Agreement, and authorizes Broker to Deliver a Signed Copy to Buyer.

☒ (If checked) SELLER'S ACCEPTANCE IS SUBJECT TO ATTACHED COUNTER OFFER (C.A.R. Form SCO or SMCO) DATED: 1/25/16

☐ One or more Sellers is signing the Agreement in a representative capacity and not for him/herself as an individual. See attached Representative Capacity Signature Disclosure (C.A.R. Form RCSD-S) for additional terms.

Date 1/25/16 SELLER \_\_\_\_\_

(Print name) Lynda T. Bui ATF Gonzales, James + Estela

Date \_\_\_\_\_ SELLER \_\_\_\_\_

(Print name) \_\_\_\_\_

☐ Additional Signature Addendum attached (C.A.R. Form ASA).

(\_\_\_\_\_/\_\_\_\_\_) (Do not initial if making a counter offer.) **CONFIRMATION OF ACCEPTANCE:** A Copy of Signed Acceptance was personally received by Buyer or Buyer's authorized agent on (date) \_\_\_\_\_ at \_\_\_\_\_  
(Initials) ☐ AM/ ☐ PM. A binding Agreement is created when a Copy of Signed Acceptance is personally received by Buyer or Buyer's authorized agent whether or not confirmed in this document. Completion of this confirmation is not legally required in order to create a binding Agreement; it is solely intended to evidence the date that Confirmation of Acceptance has occurred.

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COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 10 OF 11)

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570 Central Ave

EXHIBIT 2

Property Address: 570 Central Ave Ste E, Lake Elsinore, CA 92530-2741

Date: January 22, 2016

**REAL ESTATE BROKERS:**

**A. Real Estate Brokers are not parties to the Agreement between Buyer and Seller.**

**B. Agency relationships are confirmed as stated in paragraph 2.**

**C. If specified in paragraph 3A(2), Agent who submitted the offer for Buyer acknowledges receipt of deposit.**

**D. COOPERATING BROKER COMPENSATION:** Listing Broker agrees to pay Cooperating Broker (**Selling Firm**) and Cooperating Broker agrees to accept, out of Listing Broker's proceeds in escrow, the amount specified in the MLS, provided Cooperating Broker is a Participant of the MLS in which the Property is offered for sale or a reciprocal MLS. If Listing Broker and Cooperating Broker are not both Participants of the MLS, or a reciprocal MLS, in which the Property is offered for sale, then compensation must be specified in a separate written agreement (C.A.R. Form CBC). Declaration of License and Tax (C.A.R. Form DLT) may be used to document that tax reporting will be required or that an exemption exists.

Real Estate Broker (Selling Firm) Keller Williams Realty South Bay

CalBRE Lic. # 01854035

By Bryce Kawata

Bryce Kawata

CalBRE Lic. # 01219317

Date 01/22/2016 18:06:11

By \_\_\_\_\_

CalBRE Lic. # \_\_\_\_\_

Date \_\_\_\_\_

Address 2417 Artesia Blvd

City Redondo Beach

State CA Zip 90278-3207

Telephone (310)346-5999

Fax \_\_\_\_\_

E-mail bryceandco@hotmail.com

Real Estate Broker (Listing Firm) KW Commercial

CalBRE Lic. # 01854035

By \_\_\_\_\_

Darrow Fiedler

CalBRE Lic. # 00676445

Date \_\_\_\_\_

By \_\_\_\_\_

CalBRE Lic. # \_\_\_\_\_

Date \_\_\_\_\_

Address 23670 Hawthorne Bl Ste 100

City Torrance

State CA Zip 90505

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

E-mail darrow@kw.com

**ESCROW HOLDER ACKNOWLEDGMENT:**

Escrow Holder acknowledges receipt of a Copy of this Agreement, (if checked, ☐ a deposit in the amount of \$ \_\_\_\_\_), counter offer numbers \_\_\_\_\_ ☐ Seller's Statement of Information and \_\_\_\_\_

\_\_\_\_\_, and agrees to act as Escrow Holder subject to paragraph 24 of this Agreement, any supplemental escrow instructions and the terms of Escrow Holder's general provisions.

Escrow Holder is advised that the date of Confirmation of Acceptance of the Agreement as between Buyer and Seller is \_\_\_\_\_

Escrow Holder \_\_\_\_\_

Escrow # \_\_\_\_\_

By \_\_\_\_\_

Date \_\_\_\_\_

Address \_\_\_\_\_

Phone/Fax/E-mail \_\_\_\_\_

Escrow Holder has the following license number # \_\_\_\_\_

☐ Department of Business Oversight, ☐ Department of Insurance, ☐ Bureau of Real Estate.

**PRESENTATION OF OFFER:** ( \_\_\_\_\_ ) Listing Broker presented this offer to Seller on \_\_\_\_\_ (date).  
Broker or Designee Initials

**REJECTION OF OFFER:** ( \_\_\_\_\_ ) ( \_\_\_\_\_ ) No counter offer is being made. This offer was rejected by Seller on \_\_\_\_\_ (date).  
Seller's Initials

Buyer's Initials ( PCE ) ( \_\_\_\_\_ )

Seller's Initials ( \_\_\_\_\_ ) ( \_\_\_\_\_ )

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525 South Virgil Avenue, Los Angeles, California 90020

Reviewed by  
Broker or Designee \_\_\_\_\_



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**COMMERCIAL PROPERTY PURCHASE AGREEMENT (CPA PAGE 11 OF 11)**

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570 Central Ave

EXHIBIT 2

**Counteroffer re Purchase and Sale of  
570 Central Av #E, Lake Elsinore, CA 92530-2741**

This is a counteroffer ("Counteroffer") to the January 22, 2016, "Commercial Property Purchase Agreement and Joint Escrow Instructions" received from Pro Circuit Electric, Inc. (the "Buyer's Offer") for the purchase of the real property commonly known as 570 Central Av #E, Lake Elsinore, CA 92530-2741, APN: 377-410-028 ("Property"), by Pro Circuit Electric, Inc. ("Buyer") from Lynda T. Bui, solely in her capacity as the Chapter 7 Trustee ("Seller" and, together with Buyer, the "Parties"), for the Bankruptcy Estate of James Andrew Gonzales and Estela Ortega Gonzales (Bankruptcy Case No.: 6:15-bk-13359-SY (the "Debtor").

When fully-executed below, this Counteroffer will constitute conclusive evidence of the contract for the sale and purchase of the Property (the "Sale") and the Parties' agreement for the Sale, subject to approval by the Bankruptcy Court in the Debtor's Bankruptcy case and further or more complete documentation in Seller's discretion. **This Counteroffer Supersedes the Buyer's Proposal.** Seller may elect to deem this Counteroffer the definitive agreement between the Parties regarding the Sale.

1. Purchase Price: The purchase price for the Property shall be \$355,000; all cash (the "Purchase Price").
2. Initial Deposit: Within two (2) business days following Buyer's execution of this Counteroffer, Buyer shall deliver to escrow, together with an executed copy of this Counteroffer, the sum of \$35,500, to be applied toward the Purchase Price (the "Deposit"), as follows:

Antonia Delgado, Escrow Officer  
A & A Escrow Services, Inc.  
415 N. Crescent Drive, Suite 320  
Beverly Hills, CA 90210  
Telephone: (310) 550-6055; Facsimile: (310) 550-6130  
Email: [antonia@aaescrow.com](mailto:antonia@aaescrow.com)

3. Due Diligence Period: Buyer acknowledges that he/she/it is familiar with the Property and that the Buyer has previously viewed the Property. Nevertheless, at Buyer's sole expense, Buyer shall have until 2:00 p.m. PDT, Thursday, February 18, 2016, to obtain all investigations, appraisals and tests, and to complete any and all due diligence which the Buyer desires (the "Due Diligence Deadline"). By no later than the Due Diligence Deadline, Buyer may advise Seller, in writing, of his/her/its election to cancel the Sale, in which case Buyer shall receive a full refund of the Deposit (the "Notice to Cancel"). Absent Buyer's submission of a Notice to Cancel in accordance with this paragraph 3, the Sale shall be without any further contingencies or due diligence requirements of the Buyer.

**Without limiting the generality of the foregoing, Buyer's silence shall be deemed an acceptance and affirmative election to proceed with the Sale without any further contingencies or due diligence requirements.**


4. Bankruptcy Court Approval: The Sale is expressly subject to Bankruptcy Court approval in the Debtor's bankruptcy case. As soon as reasonably practical following expiration of the Due Diligence Deadline without Buyer's submission of a Notice to Cancel, the Seller will file a motion to approve the Sale with the Bankruptcy Court pursuant to section 363 of the United States Bankruptcy Code (11 U.S.C. § 363) (the "Approval Motion"). As part of such motion, the Seller will request a finding of the Buyer's "good faith" in accordance with section 363(m) of the Bankruptcy Code.
5. Tender of Balance of Purchase Price/Closing: The Sale shall close, with Buyer tendering the full Purchase Price, not more than fifteen (15) calendar days after the entry of an order of the Bankruptcy Court authorizing the Sale.
6. Property Sold "As is" "Where is": The Buyer acknowledges that the Seller is a Trustee appointed to administer a Bankruptcy Estate. The Seller and or Seller's agents have not, and will not, inspect the Property or determine its condition, fitness or use for any particular purpose, nor will any of them provide any written disclosures, guarantees or warranties of any kind. Seller and Seller's agents are exempt from complying with the requirements of Article 1.5 of the California Civil Code Sections 1102-1102.17 relating to disclosures upon transfer of real property. **The sale shall be "as-is" and "where is" with no warranty or recourse whatsoever.** If any state or local ordinance laws require that the Property be brought into compliance, the Buyer, at his/her/its sole expense, shall comply with and pay for any such requirements.
7. Transfer of Property: Transfer of the Property by Seller shall be by Trustee's Fiduciary Quitclaim Deed. The Seller shall convey and the Buyer shall accept the marketable title to the Property that will be insured by Fidelity National Title Company, without material exception, subject only to the terms of this Counteroffer and any further documentation of the Sale consistent with this Counteroffer.
8. Liens, Claims, Encumbrances and Interests: The Sale shall be free and clear of such Liens, with the extent, validity and priority of such liens to attach to the net proceeds of the Sale.
9. Assessments, Taxes and Escrow fees: The following assessments, taxes and other costs shall be allocated as follows: (a) all allowable assessments and real property taxes shall be prorated through the closing



date of the Sale to the applicable accounts of the Seller and the Buyer, such that the amounts applicable to the account of the Buyer shall not be deducted from the Purchase Price; (b) escrow fees shall be split equally between the Buyer and the Seller (50/50), such that the amounts allocable to the Buyer shall not be deducted from the Purchase Price; (c) the Seller shall pay real property transfer tax (County and State only) and the costs of a standard issue title insurance policy, such that these taxes and costs shall not be deducted from the Purchase Price; and (d) City transfer tax shall be split equally between Buyer and Seller (50/50), such that the amount allocable to the Buyer shall not be deducted from the Purchase Price. **All other costs are at Buyer's sole expense and are not to be deducted from the Purchase Price.**

10. **Overbid:** The Sale is subject to notice to creditors and other parties and shall be subject to higher and better bid through and including the hearing on the Approval Motion, pursuant to sale and overbid procedures determined in the Seller's sole discretion and subject to Bankruptcy Court approval. Initial overbid will be \$360,000 and thereafter in minimum \$1,000 increments.
11. **Brokers and Commissions:** The Buyer is represented by Keller Williams Realty, CABRE #01854035 ("KWR") and the Seller is represented by KW Commercial, CABRE #01854035 ("KWC"). Subject to Court approval, the Seller shall pay commission as follows, through escrow: Six percent (6%) total of the Purchase Price: 3.0% to KWR, 3.0% to KWC. No commission shall be due and payable except from the cash proceeds of an actual sale of the Property to the Buyer and upon closing of such sale.
12. **Seller Right to Terminate:** The Seller may decline, at her option and sole discretion, to consummate the Sale for any reason, including without limitation: (a) the dismissal or closure of the Debtor's bankruptcy case; (b) the conversion of the debtor's Chapter 7 bankruptcy case to any other chapter under the Bankruptcy Code; (c) the inability to subordinate any liens on the Property to the expenses of administration; (d) the inability to obtain approval of the Sale by the Bankruptcy Court; or (e) the inability to sell the Property on the terms and conditions set forth herein. The Seller reserves the right, in her sole discretion, to determine not to consummate, and to terminate, the sale of the Property by serving a notice of such termination on the Buyer. No liability or obligations shall accrue to the bankruptcy estate or the Seller, either personally or in her capacity as Trustee, as a result of any such termination. The Buyer's sole remedy, in the event that escrow fails to close as a result of Seller's inability to close escrow, shall be a refund of the Deposit in full.

13. **Non-Refundability and Forfeiture of Deposit:** Except as set forth above in paragraph 12 to this Counteroffer, immediately upon expiration of the Due Diligence Deadline without Buyer's submission of a Notice to Cancel in accordance with paragraph 3 to this Counteroffer, the entirety of the Deposit shall be absolutely non-refundable and forfeited to the Seller. Notwithstanding the immediately preceding sentence, in the event: (a) the Bankruptcy Court enters an order that does not authorize Seller to sell the Property to the Buyer; or (b) the Bankruptcy Court enters an order that authorizes the sale to another bidder and the Buyer is not a backup bidder, Seller shall refund the entire Deposit to the Buyer within ten (10) calendar days following entry of such order of the Bankruptcy Court. In the event the Buyer is overbid and is a backup bidder, Seller shall refund the entire Deposit to the Buyer only if the Sale closes to the winning bidder and within ten (10) calendar days following such closing.



(Buyer's initials)




(Buyer's initials)

14. **Escrow Instructions:** Escrow instructions shall be signed by Buyer and Seller within thirty (30) calendar days after execution of this Counteroffer. In the event that Buyer is unable to close escrow within fifteen (15) calendar days after entry of the Bankruptcy Court's order authorizing the Sale (the "Closing Date"), the Buyer shall compensate the Seller one hundred dollars (\$100.00) per day for each day beyond the Closing date that the Sale does not close for a total extended period of no more than ten (10) calendar days. Thereafter, the Seller shall have absolute discretion to either: (a) provide further extensions of the Closing Date at the same rate of compensation; or (b) terminate the Sale to the Buyer and retain the entirety of the Deposit as liquidated damages.
15. **Bankruptcy Court Jurisdiction:** The Bankruptcy Court for the Central District of California, Riverside Division ("Court"), shall have jurisdiction to interpret and enforce the terms of this Counteroffer/agreement. This Counteroffer/agreement shall be construed pursuant to the laws of the State of California, except to the extent preempted by applicable Federal bankruptcy law.
16. **Expiration of Offer:** This Counteroffer shall expire, if not executed by Buyer and delivered to Seller's agent, W Darrow Fiedler, CABRE #00676445, of Keller Williams Realty / KW Commercial, on or before 2:00 p.m. PDT, Thursday, January 28, 2015.

17. Multiple Offers: Buyer recognizes that multiple offers and/or counteroffers (in addition to the instant Counteroffer) may be pending and Seller reserves the right, per Paragraph 12, to choose which contract to submit to the Bankruptcy Court for approval.

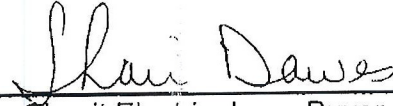

**Seller:**

  
Lynda T. Bui, Solely in her Capacity as Chapter 7 Trustee  
for the Bankruptcy Estate of James Andrew Gonzales and  
Estela Ortega Gonzales

1/25/16  
Date

**Read, Understood, Agreed To and Accepted:**

**Buyer(s):**

  
Pro Circuit Electric, Inc. - Buyer  
Shari Dawes or ~~Brent Dawes~~ 

1.26.16  
Date

  
None - Buyer  Brett Dawes

1.26.16  
Date

  
Bryce Kawata (CABRE #01219317) - Buyer's Agent

1/27/16  
Date